



HUDSON'S BAY COMPANY

CORRESPONDENCE BETWEEN HER MAJESTY'S GOVERNMENT AND THE HUDSON'S BAY COMPANY.

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No. 12 Page 21

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DOWNING STREET.

31st July, 1862.

H. H. BERENS, Esq.,

Sir,

I am directed by the Duke of Newcastle to request that you will bring under the consideration of the Hudson's Bay Company the enclosed copy of a letter from Mr. Thomas Baring, M.P., and other gentlemen, relative to the formation of a Company, for the purpose of opening a route for Passenger Traffic and Telegraphic communication across the Continent of British North America to the British Colonies on the Pacific.

His Grace, appreciating the importance of the scheme submitted to him, is disposed to give it every encouragement in his power, and for that purpose intends to invite the co-operation of the Governments of Canada and British Columbia.

As however the proposed communication could only be carried through the Territory, over which the Hudson's Bay Company claims rights, his Grace, though not permitting himself to doubt from the tenor of your letter of the 19th May, that the Company would afford such facilities as are in their power for co-operating in this great public object, would nevertheless be glad to learn distinctly whether they would concede a line of territory to any Company, which

men of such position and character as those who have signed the enclosed letter might form for the purpose.

His Grace is in communication with Mr. Baring on the subject.

I am, Sir,

Your obedient servant,

FREDERIC ROGERS.

(Copy.)

MR. THOMAS BARING AND OTHERS *to the* DUKE OF
NEWCASTLE.

London, 5th July, 1862.

My Lord,

The growing interest felt by the commercial world in British Columbia and in the communications which commerce, as well as considerations of empire, require across the Continent of British North America, renders it, as it appears to us, opportune and desirable for some adequate organization to apply itself, under the sanction of Government, to the task of providing a telegraphic service, and of securing the means of travelling with regularity to the British Territory on the Pacific.

Connected with a country so new and so vast, and as to which so little is popularly known, such an enterprise could only hope for success in the event of its being undertaken with the full approbation and support of Government.

As a preliminary to any practical discussion of the question, it is desirable to ascertain how far Her Majesty's

Government recognize the importance and desirability of such an enterprise, to be placed in proper hands, and also how far assistance would be given to aid in its prosecution.

Parliament is naturally averse to the increase of the national burdens, and it may be that a money grant might be out of the question: but, without adding to the expenditure of the country, there are large resources available in the shape of Territory. Would, therefore, the Government, if approving such an attempt, be ready to grant any sound and sufficient Company a considerable tract of land in aid to the construction of the means of communication by Telegraph, and the provision of the means of transit across the Continent?

Knowing the interest which your Grace feels in the progress of the British Empire in North America, we do not hesitate to call attention to the subject.

We have, &c.,

THOMAS BARING.	GEO. CARR GLYN.
K. D. HODGSON.	GEO. G. GLYN.
R. W. CRAWFORD.	WILLIAM CHAPMAN.

To His Grace

The DUKE OF NEWCASTLE, K.G., &c., &c., &c.

HUDSON'S BAY HOUSE,

London, August 1st, 1862.

His Grace

The DUKE OF NEWCASTLE, &c., &c., &c.

My Lord Duke,

I have the honor to acknowledge the receipt of Sir Frederic Rogers' letter dated the 31st ultimo, transmitting

by your Grace's directions copy of a letter from Mr. Thomas Baring, M.P., and other gentlemen, relative to the formation of a Company for the purpose of opening a route for Passenger Traffic and Telegraphic communication across the Continent of British North America to the British Colonies on the Pacific.

In reply I beg to assure your Grace that I shall take immediate steps to bring your Grace's communication under the notice of my colleagues, who I feel confident will give the important subject to which it refers every consideration.

I have the honor to be,

My Lord Duke,

Your Grace's most obedient humble servant,

H. H. BERENS,

Governor.

HUDSON'S BAY HOUSE,
London, 11th August, 1862.

His Grace

The DUKE OF NEWCASTLE, K.G., &c., &c.

My Lord Duke,

I have communicated with my colleagues in the Direction of the Hudson's Bay Company on the subject of your Grace's letter of the 31st July, of which I had the honor to acknowledge the receipt on the 1st instant.

They direct me to assure your Grace of their readiness to co-operate with Her Majesty's Government in any measures they may be pleased to recommend for the improvement of the communication across the Territory of the Company, and for the settlement of the country, provided always they

are not required to advance the capital of their constituents in aid of speculations, projected by other persons, of the success of which the projectors are the most competent judges.

The Directors of the Hudson's Bay Company will have no objection to make such free grant of land to any Association, of which the gentlemen who have made the application to your Grace, by their letter of the 5th July, are the responsible Directors, as may reasonably be required for effecting the proposed communication, on the sole condition, that adequate security is taken for the establishment and completion of a sufficient road for passenger traffic and telegraphic communication across the Continent.

I have the honor to be,

My Lord Duke,

Your Grace's most obedient humble servant,

H. H. BERENS,

Governor.

DOWNING STREET,
28th August, 1862.

H. H. BERENS, Esq.,

Sir,

Your letter of the 11th inst. has been laid before the Duke of Newcastle, and his Grace requests that you will express to your colleagues in the management of the Hudson's Bay Company his gratification at their readiness to make a grant of land to the promoters of the contemplated undertaking of a passenger and telegraphic communication between Canada and British Columbia. It will be obvious to you that the means of any Association, which may be

formed to effect this great design, must depend upon the extent of the proposed concession. His Grace, therefore, directs me to ask you to have the goodness to state what breadth of land the Governors of the Hudson's Bay Company are willing to grant for this purpose.

I am, Sir,

Your obedient servant,

FREDERIC ROGERS.

HUDSON'S BAY HOUSE,
London, 5th September, 1862.

His Grace

The DUKE OF NEWCASTLE, &c., &c., &c.

My Lord Duke,

I have the honor to acknowledge the receipt of Sir Frederic Rogers' letter of the 28th August, and am pleased to observe that your Grace is satisfied by the readiness of this Company to meet the views of Her Majesty's Government, in reference to the contemplated communication between Canada and British Columbia. In reply to your enquiry as to the breadth of land the Hudson's Bay Company are willing to grant for the purpose of the undertaking, I beg to say that, being in utter ignorance of the sort of route projected, and in the absence of any communication from the promoters of the undertaking, it is impossible for me to state to what extent the grant would amount.

I have the honor to be,

My Lord Duke,

Your Grace's most obedient humble servant,

H. H. BERENS,

Governor.

DOWNING STREET,

21st November, 1862.

H. H. BERENS, Esq.,

Hudson's Bay Company.

Sir,

With reference to your interview with the Duke of Newcastle on the 18th instant upon the subject of a proposed postal and telegraphic route from the Canadian frontier to that of British Columbia, at which his Grace understood you to express the willingness of the Hudson's Bay Company to enter into personal communication with some of the gentlemen, who are desirous, under certain conditions, of undertaking this scheme, and to confer with them either upon the basis of forming a road through the country comprised in the Charter of your Company, or upon that of the purchase of the whole of the Company's rights, I am directed by his Grace to inform you that he has to-day seen a Deputation of the gentlemen referred to, and they on their part expressed their readiness to attend the proposed Meeting.

The Duke of Newcastle thinks that it would be desirable that you should now arrange an interview either with Mr. Thomas Baring or with Mr. Edward Watkin, and as it is evident that, with a view to any consideration of the second proposal, it would be necessary that some details of the property to be sold should be laid before the intended purchasers, he hopes that the Company will be good enough to authorise such information to be given as may be necessary and as may not be detrimental to their own interests.

I am, Sir,

Your most obedient servant,

T. FREDK. ELLIOT.

DOWNING STREET,
1st May, 1863.

H. H. BERENS, Esq.,

Sir,

I am directed by the Duke of Newcastle to enclose the heads of a proposal made to me by Mr. Watkin acting on behalf of the "Atlantic and Pacific Transit and Telegraph Company," with a view to the establishment of Telegraphic and Postal communication from Lake Superior to New Westminster.

With reference to your letters to this Office of 11th August and 5th September last, I am to call your attention to the article numbered 1 in this paper, and to request that you will inform his Grace whether this clause expresses correctly the concessions which the Hudson's Bay Company is prepared to make to the proposed Company.

I am, Sir,

Your obedient servant,

C. FORTESCUE.

*Heads of Proposal for establishing Telegraphic and Postal
Communication from Lake Superior to New Westminster.*

The "Atlantic and Pacific Transit and Telegraph Company" propose to establish and maintain communication by

Electric Telegraph and a Mail Post, passing at such intervals, fortnightly or otherwise, as shall be agreed upon, between a point at the head of Lake Superior and New Westminster in British Columbia on the following terms.

1. That the Imperial Government, the Colonies of Canada and British Columbia, and the Hudson's Bay Company shall each, within the Territories belonging to them, grant to the Company such land belonging to the Crown or Company and all such rights as may be required for the Post Route, Telegraph and necessary Stations, and for the proper working thereof.

2. The Line of Telegraph shall be divided into proper sections, and so soon as telegraphic communication is established throughout any such section, the Colonies of Canada, Vancouver Island and British Columbia will guarantee to the Company a rate of profit on the capital expended at the rate of not less than 4 nor more than 5 per cent., provided that the total amount of the Capital guaranteed shall be limited at £500,000, and that the total annual payment to be made by Vancouver Island and British Columbia together, shall not exceed £12,500. Provided also, that the interest accruing upon the money paid up by the Shareholders, until the above guarantee shall take effect, shall be reckoned as capital, and provided further that in case the Telegraphic Line shall not be completed within five years, unless by reason of war or commotion, or of any interruption not arising from any wilful default of the Company, the above guarantee shall be suspended till the line shall be so completed.

3. In case the route shall run through Crown Land not within the limits of Canada or British Columbia nor within the Territory claimable by the Hudson's Bay Company, the Company shall be entitled to demand Crown grants to the extent of five square miles for every mile of Telegraph Line within such Crown Land, such grants shall be demandable so soon as the Telegraph communication shall be completed across such Crown Land, and the blocks granted shall be adjacent to the Telegraph Line, and shall be as near as may be five miles square and shall alternate on each side of the line, with blocks of similar size and frontage, which shall remain in the possession of the Crown. The Company is not to sell this land except under effectual conditions of settlement, and in case the undertaking shall be permanently abandoned, the land, not so sold, is to revert to the Crown.

4. The Company shall not dispose of the Telegraph without the consent of the Imperial Government.

5. The Colonial Governments, within their respective limits, or the Imperial Government in any part of the Line, may at any time take temporary possession of the Telegraph Line, in case the public interest requires it, on payment of a rate of compensation to be hereafter agreed, and government messages shall at all times when demanded have priority over all others.

6. The Home Government with the consent of the parties will introduce into Parliament such measures as may be requisite to give effect to this proposal.

7. The Telegraph and Works, and the Servants and Agents of the Company, shall be considered as under the

protection of the Crown and of the Colonial Governments as fully as if in the settled districts of British North America.

8. The Company and its Works shall be exempt from all taxation for a period of 30 years.

9. Any further matters of detail, or questions of difference, requiring discussion, to be remitted to the sole decision of his Grace the Duke of Newcastle, Her Majesty's Principal Secretary of State for the Colonies.

HUDSON'S BAY HOUSE,
London, May 6th, 1863.

His Grace

The Duke of NEWCASTLE, K.G.,
&c., &c., &c.

My Lord Duke,

I have the honor to acknowledge the receipt of Mr. Under Secretary Fortescue's letter of the 1st instant, enclosing the heads of a proposal from the Atlantic and Pacific Transit and Telegraph Company, in reference to the establishment of Telegraphic and Postal communication from Lake Superior to New Westminster.

Referring to the article numbered 1 in this paper I beg to state that, so far as this Company is concerned, we shall be prepared to grant such portion of land within the Territories belonging to us as may reasonably be required for the purpose of the proposed Post Route, Telegraph and necessary stations. As to any other rights, which the Company

may require for the proper working of their undertaking, we presume the grant of these would rest with Her Majesty's Government.

We of course assume that Her Majesty's Government does not assent to the application, now made to them, unless they are satisfied with the intentions and ability of the parties to carry out the project, but of course should it ultimately be abandoned, the land given up by this Company will revert to them.

I have the honor to be,
My Lord Duke,
Your Grace's most obedient humble servant,
H. H. BERENS,
Governor.

HUDSON'S BAY HOUSE,
London, June 15th, 1863.

His Grace
The Duke of NEWCASTLE,
&c., &c., &c.

My Lord Duke,

With reference to Mr Elliot's letter of the 21st November last, expressing your Grace's desire that this Board should place itself in communication with Mr. Edward Watkin with a view to the consideration of proposals for the purchase of the whole of the rights of the Hudson's Bay Company, I have now the honor to inform your Grace that, in compliance with your Grace's suggestion, terms have been

agreed upon by which the whole interests of the Hudson's Bay Company are to be transferred to the parties represented by Mr. Edward Watkin.

I have the honor to be,

My Lord Duke,

Your Grace's most obedient servant,

H. H. BERENS,

Governor.

HUDSON'S BAY HOUSE,

London, July 3rd, 1863.

His Grace

The Duke of NEWCASTLE, K.G.,

&c., &c., &c.

My Lord Duke,

I think it right to inform Your Grace that I was yesterday elected Governor of the Hudson's Bay Company under the following circumstances.

A large majority of the Proprietors of the Hudson's Bay Company have disposed of their shares to the International Financial Association, Limited, which has found the money for completing at once so important a purchase, without delay or obstacle.

This transfer could only have been effected by this process, which was a matter of difficulty on account of the large sum required to be paid down at once.

The Association are about to re-issue the shares thus transferred to a new body of proprietors, who are to carry on the present trade of the Company under the charter.

whilst they will, it is hoped, administer its affairs on such principles as to allow the gradual settlement of such portions of the Territory as admit of it, and facilitate the communication across British North America by telegraph or otherwise.

The Governor and the greater part of the Committee or governing body of the Hudson's Bay Company having thus disposed of their interest in the Company, the re-organization of that body has become necessary; and accordingly a new Committee has been formed, comprising some members of the former body joined with a number of gentlemen of high standing in the City of London, under a new Governor and Deputy-Governor. The latter and the Committee have this day been sworn in by me, after a Court of Proprietors had been held for the purpose of making certain changes in the Bye Laws.

The majority of the Proprietors, present at this Court, were persons who have held stock in the Company up to the present time, and the transfers are only effected as proprietors call and ask for the Cheques in exchange for their Stock.

I enclose for your Grace's information a copy of the Prospectus, this day circulated by the International Financial Society, and I hope soon to be able to communicate with you on the subject of the steps which it may be necessary to take for attaining some of the objects therein referred to.

I have the honor to be,

Your Grace's most obedient servant,

EDMUND HEAD.

HUDSON'S BAY HOUSE,
London, July 6th, 1863.

His Grace

The DUKE OF NEWCASTLE, K.G., &c., &c., &c.

My Lord Duke,

In my letter of the 3rd instant, I intimated a hope that I should have to communicate again with your Grace shortly.

Accordingly I have now the honor to enclose a copy of a Minute this day passed at a Meeting of the Committee of the Hudson's Bay Company.

I am,

Your Grace's obedient servant,

EDMUND HEAD.

Copy of Minute referred to.

"ORDERED.—That Mr. Edward Watkin be authorised to
"proceed to the Red River Settlement without delay, for the
"purpose of reporting on the condition of the Settlement,
"the condition of the neighbouring Territory, the prospects
"of the Settlement therein, and the possibility of commen-
"cing operations for the Telegraph Line across the Southern
"District of Rupert's Land. That, looking to the lateness
"of the season, it will be impossible for Mr. Watkin to do
"more at present than make preliminary enquiries on these
"subjects, with a view to a more exact and complete exami-
"nation of them next Spring. That Governor Dallas and
"Chief Factor William Mactavish be informed of Mr. Wat-
"kin's employment, and that the former be associated with
"Mr. Watkin in all these enquiries."

"RESOLVED.—That the Governor be authorised to communicate a copy of this Minute to his Grace the Duke of Newcastle."

DOWNING STREET.

18th July, 1863.

The Right Honorable
Sir EDMUND HEAD.

Sir,

I am directed by the Duke of Newcastle to transmit to you for your information a copy of a Report of the Law Officers of the Crown containing their opinion on the legality of the transfers of the shares in the Hudson's Bay Company, and of the re-organization of the Directorate of that Company.

I am, Sir,

Your most obedient servant,

FREDERIC ROGERS.

LAW OFFICERS *to* THE DUKE OF NEWCASTLE.

TEMPLE,

July 9th, 1863.

His Grace

The DUKE OF NEWCASTLE, K.G.

My Lord Duke,

We are honored with your Grace's command, signified in Sir Frederic Rogers' letter of the 7th July instant, stating that he was directed by your Grace to request that we would favor you with our opinion on certain questions which have arisen with reference to the operations of the Hudson's Bay Company.

Sir Frederic Rogers was pleased to enclose a copy of the Charter of the Company, and to direct our attention to that provision which enables the Governor and Company or the greater part of them, to admit into the Company such servants or Factors, and "all such others as to them or the "most part of them shall be thought fit and agreeable with "the Orders and Ordinances made or to be made for govern- "ment of the said Company."

Pp. 547 of 1842
Pp. 547 of 1842
p. 8.

What persons
may be admit-
ted into the
Company.

Sir Frederic Rogers was also pleased to state that it has been the practice of the Shareholders (probably under the provision above referred to) to sell and transfer their stock in the Company without impediment.

That negotiations have recently taken place with the object of enlarging the operations of the Company; the result of which has been that the majority of the Proprietors have sold their stock, which has accordingly been transferred to new hands—the nominees, it is believed of a Society (the International Financial Society) which has advanced the purchase-money. As part of the transaction, the then Governor and Directors parted with so much of their Stock as to disqualify themselves for their Offices, and thus becoming mere Shareholders, they, in conjunction with other Shareholders, elected a new Board with a Governor and Deputy-Governor. It may be assumed for the present purpose that the Rules of the Company respecting such elections were duly observed.

That under this new Board the new Shareholders propose to extend the operations of the Company to a variety of objects, indicated in the annexed Prospectus, which was issued by authority or with the sanction of the new Board.

That your Grace desired to know whether in the state of facts here described, there is any ground for doubting the legality of the transfers of shares which have taken place, or the legality of the reorganization of the Directorate of the Hudson's Bay Company, or for doubting the competency of that Directorate to carry on the affairs of the Company.

Sir Frederick Rogers was further pleased to state that we would doubtless observe that throughout these transactions the Hudson's Bay Company has not acted as a corporate body, but that the body of the Proprietors has been altered by individual sales of Stock and the Directorate changed by the disqualification of almost all of the old Directors and the election of new ones.

In obedience to your Grace's commands, we have taken this matter into consideration, and have the honour to report :—

That, in our opinion, there is no ground shewn for doubting the legality of the transfers of shares in the Hudson's Bay Company which have taken place, or the legality of the reorganization of the Directorate of that Company, or for doubting the competency in law of the present Board of Directors to carry on the affairs of the Company.

We have, &c.,

W. ATHERTON.
ROUNDELL PALMER.

HUDSON'S BAY HOUSE,

London, August 28th, 1863.

Sir FREDERIC ROGERS, Bart.

Sir,

I have the honor to enclose, for the information of

the Duke of Newcastle, a copy of a Resolution this day passed by the Committee of the Hudson's Bay Company, which was specially summoned by me to consider this subject.

I shall be happy to place myself in communication with you, if his Grace the Duke of Newcastle is pleased to entertain the proposal of the Committee.

I am, Sir,

Your obedient servant,

EDMUND HEAD.

Copy Resolution.

"READ—Report of Governor Dallas and other papers relating to the Red River Settlement.

"RESOLVED—That the time has come when, in the opinion of this Committee, it is expedient that the authority executive and judicial over the Red River Settlement and the South-Western portion of Rupert's Land should be vested in officers deriving such authority directly from the Crown and exercising it in the name of Her Majesty.

"That the Governor be empowered to communicate this Resolution to His Grace the Duke of Newcastle and to discuss the subject with him, or with the Under Secretary of State for the Colonies, reporting from time to time to this Committee thereon."

DOWNING STREET,

9th October, 1863.

The Right Honorable Sir E. W. HEAD, Bart.

Sir,

With reference to your letter of the 28th of

August, and to the oral communication which have since passed, with respect to the expediency of placing the Southern portion of Rupert's Land under the direct Government of the Crown, I am directed by the Duke of Newcastle to inform you that His Grace is fully alive to the advantages which might be expected from such a transfer, and will not fail to give his best attention to any proposal on that subject which you may be authorised to make on the part of the Hudson's Bay Company.

I am,

Sir,

Your most obedient servant,

FREDERIC ROGERS.

HUDSON'S BAY HOUSE,

London, November 11th, 1863.

Sir FREDERIC ROGERS, Bart.,

Sir,

I have the honour to acknowledge your letter of the 9th ultimo, in which you state that His Grace the Duke of Newcastle will be ready to consider any proposal submitted to him by the Hudson's Bay Company with reference to the introduction of the direct authority of Her Majesty's Government in Rupert's Land. It is gratifying to myself and the Committee to find that an opening is thus afforded for discussing plans which, to us, appear to have an important bearing on the future welfare of British North America.

At the same time, in order to avoid all misapprehension, it may be right to observe that it is not precisely as a boon to themselves that the Hudson's Bay Company have called

His Grace's attention to the establishment of a Colony at Red River. Probably their commercial interest would be equally served if things remained as they are, and if their trade were carried on as it has been. It is not, at any rate, with a view to immediate pecuniary profit that they have raised this question, and it is likely, for the present at least, that they would lose fully as much as they would gain by the increase of settlement in the Chartered Territory. Such appears to have been the unvarying opinion of this Committee before the change made in July last.

It may, no doubt, be said that the Hudson's Bay Company are merely endeavouring to escape from the troublesome responsibility of governing the Red River Settlement and the adjacent district.

In answer to this I would observe that the responsibility, whatever it may be, which is imposed by the Charter on the Company, must be correlative with the rights and powers vested in them for the purpose of discharging that duty. What these rights and powers are not, is pretty clear from the following passage in the letter of the Law Officers of the Crown, dated July 1, 1857. [*Appendix to Report of Committee, p. 404.*]

These gentlemen say—

“ But with respect to any right of government, taxation,
“ exclusive administration of justice, or exclusive trade,
“ otherwise than as a consequence of the right of ownership
“ of the land, such right could not be legally insisted on by
“ the Hudson's Bay Company as having been legally granted
“ to them by the Crown.”

The power of taxation may be thought to be the first and

necessary condition of all effective powers of Government, but if this first condition is wanting, it would seem to follow that the power vested in the Company of governing others than their own servants and dependents must be of a very limited character; and if the power is limited, so also must the responsibility be limited.

The Company are fully competent to manage their own people, and they believe that they have proved themselves more competent to manage the Indians than any Government or Association, which has yet tried its hand at this task in North America. They have preserved peace and goodwill on one side of a frontier when war and savage hatred have raged on the other. They have done so, no doubt, from interested motives, but the motives of those, who have failed in accomplishing the same task, have perhaps not been more pure.

In the present case the question at issue is not the Government of the Hudson's Bay Officers and Servants, or of the Indians, but the exercise of proper authority and protection over those subjects of Her Majesty mostly unconnected with the Company, who have chosen to settle at Red River, or may hereafter settle in the adjoining territory. These considerations, then, and the future position of British interests in North America (in which, no doubt, the Hudson's Bay Company are deeply interested), not the hope of immediate advantage, have induced the present Committee to express, as they have done in their resolution of the 28th August last, the conviction that the time had arrived for introducing into these regions the direct authority of the Crown.

I have to assure his Grace that the Committee will esteem

themselves fortunate if they are able to co-operate with him in the establishment there of such a Government as he may deem best fitted for the wants of the people and the circumstances of the time.

I have had the honour of several conversations with you on this subject, from which I infer that the Secretary of State is unwilling to deal with the question of establishing a Colonial Government in Rupert's Land so long as the Company maintain unimpaired their claim to the exclusive ownership of the soil within that Territory. It is not for me or the Committee of the Hudson's Bay Company to discuss the reason for such a view. We certainly assume that the Company are proprietors of land under the Charter, and we think that this *primâ facie* title is impliedly recognized in the letter of the Law Officers of July 1st, 1857, already quoted. No one has contested in a Court of any kind a possession which has existed for 200 years, and the Committee do not themselves clearly see why the exercise of this private right of ownership of the soil by individuals, or by a corporate body, should be deemed incompatible with the exercise of the Queen's public authority in matters of Government. They do not see why that which is the normal state of things in most other Colonies should be inadmissible in this particular portion of British North America; but it is not their business to enter into this question. They are anxious to do all they can to smooth over difficulties rather than raise them, and I will therefore proceed to consider what would probably be the nature of the Territory to be included in any such Colony, and what are the measures which the Hudson's Bay Company would be prepared to take in order to facilitate its establishment.

It will be for His Grace the Duke of Newcastle to decide whether the sacrifices they are ready to make are of a nature to warrant any action on the part of the Crown.

With regard to the extent of the proposed Colony, of which the seat of Government would be Red River or Fort Garry, the Committee presume that His Grace would wish it to include the whole country from the Frontier of the United States to the North branch of the Saskatchewan, and to extend eastward towards Lake Superior, as far as the Frontier of Canada, wherever the precise line of that Frontier may be found. Perhaps the most convenient limit for the Northern boundary would be either the Saskatchewan itself or a line running from the Rocky Mountains eastward through Edmonton House and Fort Cumberland, and from the latter, following the Saskatchewan down to Lake Winnipeg. Nothing would be gained by going further to the northward nor by including the eastern side of Lake Winnipeg, but from the mouth of the Winnipeg River, where it enters the Lake, the line of demarcation might be run eastward until it cut the Canadian Frontier somewhere north of Lake Superior or Lake Huron.

Of this large tract Assiniboia or the district round Red River forms but a small portion, although it includes a good deal of the land which is probably fittest for settlement. In 1834 the Hudson's Bay Company repurchased this district from Lord Selkirk for a consideration estimated at upwards of £80,000. This fact alone makes it clear that it would be impossible for the Committee, as Trustees for the Company, to entertain the question of ceding the ownership of the soil without compensation or equivalent of some kind.

The most obvious, simple, and satisfactory settlement of the question of transfer would, of course, be that the Crown should compensate the Company for their property by a sum of money paid, either at once or in a series of annual payments. But to the supposed value of the soil would have to be added the price of the Company's interest in all mines of gold and silver, which are by express words given in the Charter. It is clear that the recent discovery of gold in the Territory would cause the proprietary of the Hudson's Bay Company to regret any bargain which implied the gratuitous cession of these rights. The Committee would be quite willing that the exact amount to be paid to the Hudson's Bay Company for the land should be calculated on the principle of what they themselves paid to Lord Selkirk for a portion of it, and they would be prepared to discuss the fair worth both of territory and mining rights, or to submit the assessment of their value to impartial arbitrators.

But the Committee also know that the Secretary of State may find difficulties in the way of a large money payment of any kind, and in order, as far as they can, to remove all obstacles to this negotiation, they have authorized me to propose another alternative, as a middle course, which they think would be admissible, although far from welcome to many of their own proprietors.

This alternative is as follows, viz.:—That, subject to certain special stipulations to be stated hereafter, the Company should retain the ownership in fee simple of one-half of the lands in the Colony, and the other half should be conveyed by the Company to the Crown. The actual division should be one based on considerations of the extent

and value of different sections as derived from situation and climate. The details might be settled afterwards, if the principle were once admitted. In the portion fitted for settlement, and along the frontier, the division might be made at once in alternate blocks of so many thousand acres, or so many square miles. In the unsettled and remote portion of the country the division might stand over indefinitely, provided a power was given to either party to initiate proceedings against squatters and trespassers. The undivided lands might be managed by a Board of Commissioners.

The stipulations, of which I have spoken, and which, it appears to the Committee, would be reasonable, are as follows:—1st. The Hudson's Bay Company should have the sole right to erect and should bind themselves to complete within five years an Electric Telegraph to connect British Columbia and Canada. The line for this Telegraph should be approved by the Secretary of State, and it should be maintained by the Company, who would, of course, engage to convey the messages of the Imperial and Colonial Governments at a fixed and moderate rate.

It would be necessary as conditions precedent to the erection of the Telegraph—

(a) That the Governments of British Columbia and Canada should pledge their faith respectively to the Secretary of State to pay the yearly sum set forth in the enclosures to the despatch of the 1st May, 1863, with all advantages as to lands to be granted by Her Majesty's Government, and on the terms therein specified.

(b) That a road should be laid out along the line of Telegraph, but the soil on which the Telegraph stands, and

the space, (say) one mile in width on one side of its course should belong to the Hudson's Bay Company, to be reckoned as part of the half of the land which they would retain. The other side of the road might be included in the half belonging to the Crown.

(c) That the Company, in constructing the Telegraph, should be entitled to use wood or other materials taken from ungranted land.

2. The Crown shall resume the grant of mines or diggings of gold and silver throughout the Colony, on condition of paying to the Hudson's Bay Company one-third of the receipts of all dues, royalties, rents, &c., from such mines or diggings, whether raised by way of export duty or otherwise, but the Company shall not be liable for expenses of collection or escort.

The buildings required for military or government purposes at Fort Garry or Red River should be valued and purchased of the Company.

The Company should retain as a portion of their half of the lands all lots already laid out and surveyed, as well as 5,000 acres round each of their Forts or Posts.

The Committee trust that the Duke of Newcastle will view these proposals of theirs as an evidence of an anxious desire to meet his Grace's wishes.

While suggesting a plan which involves the cession of the Company's right of property over one-half of a vast tract of British North America, the Committee simply ask that the Crown will exercise on British soil, in favor of British subjects, that amount of control and protection which the

Queen's prerogative can alone afford,—a protection, in other cases, at least, deemed perfectly consistent with the unimpaired enjoyment of existing rights of private property, and which, in fact, is commonly thought to be directed specially to the maintenance of those very rights against wrong or violence of any kind.

I have the honour to be,

Sir,

Your obedient faithful servant,

EDMUND HEAD,

Governor.

DOWNING STREET,

11th March, 1864.

The Right Honorable Sir E. HEAD, Bart.

Sir,

The Duke of Newcastle has considered, with the care which their importance requires, the proposals contained in your letter of the 11th of November last, respecting the introduction of the direct authority of Her Majesty's Government into Rupert's Land.

The first of these proposals is as follows :—

It appears that in 1834 the Company purchased from Lord Selkirk the tract of land called Assiniboia, on which the Red River Settlement now stands, for a consideration amounting to upwards of £80,000. You propose to cede to Government that territory, together with a far larger tract described in your letter, on receiving—

1. £80,000 for the district of Assiniboia.

2. A payment for the rest of the land calculated on the principle of what the Company paid to Lord Selkirk, and

3. The price of the Company's right to all mines of gold and silver.

His Grace infers, from the tenor of your letter, that the payment made to Lord Selkirk was an actual payment of £80,000 in money, and not a mere share in the profits of the Company to some amount supposed to be equal to £80,000. But however the payment was made, he apprehends that it formed part of a large arrangement by which the two Companies, which are now combined in the Hudson's Bay Company, put an end to a competition which was becoming ruinous to both of them, and had to be stopped at all hazards. If this is the case the terms of purchase afford no safe grounds for conjecturing whether £80,000 was really a fair market price for the land at the time of the purchase.

But his Grace cannot consider this statement to have any bearing on the present negotiation. It appears to him that, in making a purchase of land, there are really only two questions to be considered,—first, what the land is worth to the vendor, and, secondly, what it is worth to the purchaser. It is plain that neither of these questions is even remotely affected by the price which (wisely or unwisely) may have been paid for it to Lord Selkirk in 1834, and His Grace is unable therefore to adopt the proposed principle of valuation. Nor could he consent to pay the assessed value of the gold and silver which is or may be found in the Company's territory. On this subject a good deal of experience has already accumulated. Judging from this experience, it is very doubtful whether the Crown could raise a revenue from the gold-

miners more than sufficient to meet the expenses which they entail, and very probable that the revenue so raised might be insufficient for its purpose. That a private corporation should succeed in compelling this class of persons to pay any considerable revenue to be expended, not for the diggers' own benefit, nor even for the benefit of the general community, but for the benefit of the corporation, His Grace holds to be absolutely impossible.

He does not consider therefore that the interests of the Company in this unascertained and unavailable source of profit is a matter capable of assessment.

Thus much as to the principle of valuation. Passing to the mode of payment, His Grace observes that you are alive to the difficulty of applying to Parliament for a grant of money from the Imperial Treasury. But he thinks it necessary to state clearly that the difficulty is, in his opinion, insuperable, and that, having reference to the position of the Company and the views on colonial expenditure which are prevalent in and out of the Legislature, any appropriation of Imperial funds by vote of Parliament to the compensation of the Company must be considered as out of the question.

It follows to consider the second alternative proposed on the part of the Company. But before doing so, I am directed to notice your observation that the exercise of the private right of ownership of the soil by individuals or by a Corporate body need not be deemed incompatible with the exercise of the Queen's authority in matters of government, and you point out in support of your opinion that this is in fact the normal state of things in most other colonies. This the Duke of Newcastle fully admits. He would even add that

it is also the normal state of things in the United Kingdom and in most other settled colonies.

The obvious distinction lies in the fact that these Colonies and Countries are settled. From this fact it follows,—first, that there is a large amount of property, independent of any proceeds derivable from the sale of land, which is applicable to the government and improvement of the country; and next that it is not a matter of public policy to attract immigration by a wise disposal of the public lands. In an unsettled Colony there is no effectual mode of taxation for purposes of government and improvement, and the whole progress of the Colony depends on the liberal and prudent disposal of its land. These considerations afford decisive reasons against leaving that land in the possession of a Corporation. And I am to observe that these objections, conclusive in any case, are greatly enhanced in the case of the Hudson's Bay Company, as I learn from your letter that it has been "the unvarying opinion" of the Committee, on whose behalf you speak, that the Company would "lose fully "as much as they would gain by the increase of settlement "in the Chartered Territory." It is therefore (to say the least) a question whether the Company would not be under a direct inducement to use their proprietary rights to thwart the colonizing efforts of the Government.

It is true that in former times the whole soil of a settlement was frequently conveyed to a Proprietary Body. But in these cases the responsibilities of government followed the grant of property. Those, who were invested with extensive corporate rights of possession, bore (like the East India Company in its earlier days) the whole expense both of civil government and of military defence.

In Prince Edward Island the right of property was more recently disjoined from that of Government, but the result has not been such as to invite imitation.

The second alternative proposed in your letter then is this—that the whole Territory, which it is proposed to bring under the authority of the Crown, should be divided into large blocks or tracts of land, which shall be assigned alternately to the Crown and to the Company. Waste lands, till so assigned, being managed by a Board, in which both parties should be represented.

To this proposal His Grace feels himself unable to assent. The difficulties of management which might be expected to arise in working such a plan would, in themselves, be sufficiently formidable. The expense, delay and controversy, which might arise in defining and maintaining the boundaries of Crown lands—and the improbability that a cordial agreement would continue between the persons representing different, and often conflicting, interests in the proposed Land Board, are serious dangers. But the conclusive objection to the scheme is that it would reproduce in a gigantic shape the inconveniences which, on a far smaller scale, were found intolerable in Canada. It is evident as a matter of reasoning, and notorious as a matter of fact, that the interposition of large blocks of property between tracts or districts of Crown land must obstruct the opening up of those districts, unless it fortunately happens that the private Proprietor is ready to expend money *pari passu* with the Government in the construction of roads and other improvements, and to conform his land policy to that of the authorities.

It is also clear that colonists of the Anglo-Saxon race look

upon the Land Revenue as legitimately belonging to the community—and that the diversion of half, or more than half, of that Revenue to the purpose of increasing the dividends of a private corporation, would cause a continual and growing discontent, which could not be allayed by any abstract argument of right, and the full price of which the Government would be expected by the Company to sustain.

His Grace cannot consent to make himself responsible for these consequences, and he is therefore obliged to treat as inadmissible any proposal for the Proprietary partition of those Territories, which may be placed under the government of the Crown.

The only terms which, after a very grave consideration of your letter, he feels himself able to propose for the acceptance of the Company are the following:—

1. That within certain geographical limits (coinciding more or less with those laid down in your letter) the Territorial rights of the Company should be surrendered to the Crown.

2. That the sum of one shilling per acre for every acre, sold by Government, should be paid to the Company, and payment to cease when their aggregate receipts from this source shall exceed £150,000, or on the expiration of 50 years.

3. That one-fourth of the sum received by the Government, as an export duty for gold, or on leases of gold mines or licenses for gold mining, shall be payable to the Company for 50 years, or until the aggregate receipts shall amount to £100,000

4. That on these conditions a Government be established in the ceded Territories, Great Britain undertaking the expense and risk of that Government until the Colony is able to support it, as in British Columbia and other Colonies.

It must clearly be understood that the payments contemplated in the second and third of these Articles are entirely dependent on the Government receipts, and that the Government will not be pledged to any particular form of levying a tax upon gold.

If the Company should find themselves unable to accept these terms, or some modification of them, His Grace does not see how it will be possible for him to recommend that the Crown should assume any responsibility in respect of the Hudson's Bay Territories, and it will rest with the Company to apply to Parliament for such powers as may, in their opinion, enable them to preserve order in the country in which they are interested.

I am,

Sir,

Your obedient servant,

C. FORTESCUE.

P.S. Since the above letter was drafted, His Grace has received from the Governor-General of Canada a despatch, from which it appears that the Canadian Government contemplate the assertion of a claim to all that portion of Central America, which can be shewn to have been in the possession of the French in 1763. It must of course be understood that the above suggestions are made on the supposition that the cession by the Company will place Her Majesty's Government in possession of an indisputable title to the Territory ceded by them.

HUDSON'S BAY HOUSE,

London, March 15th, 1864.

CHICHESTER FORTESCUE, Esq.,

&c., &c., &c.

Colonial Office.

Sir,

I have the honour to acknowledge your letter of the 11th instant, which has been laid before the Committee of the Hudson's Bay Company, by whom I am authorised to make the following remarks:—

The Committee deeply regret to find that none of the proposals made by them have been found admissible by his Grace the Secretary of State for the Colonies; but as this is the case, there is no further use in discussing the principles on which they were based, or the details involved in them.

On the other hand, the Committee would feel it their duty at once to address themselves to the consideration of the counter-proposal, contained in your letter of the 11th, were it not for the postscript of that letter relating to the claims of Canada.

It is true that these claims are not new. They were expressly stated in the same form in the Petition from the Board of Trade of Toronto, which was before the Parliamentary Committee of 1857, and they were, in fact, discussed by that Committee, and were referred to in the letter of the Attorney and Solicitor-Generals to the Right Hon. H. Labouchere. The Law Officers there say that the question of Boundary could not be made the subject of a quasi-judicial inquiry without the consent of both parties, and that a decision of a Committee of the Privy Council would have

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no effect in such a case, as a binding judicial determination. They had previously stated that "in the case of grants of considerable age, such as this Charter, when the words, as is often the case, are indefinite or ambiguous, the rule is that they are construed by usage and enjoyment, including in these latter terms, the assertion of ownership by the Company on important public occasions, such as the Treaties of Ryswick and Utrecht, and again in 1750."

When Sir Frederic Rogers, in his letter of October 9th, 1863, intimated the readiness of his Grace the Secretary of State to receive any proposal made on the part of the Company, the fact that these claims had been made by Canada, and had not been waived, was as well known as it now is. The nature of the title of the Hudson's Bay Company also was then as well—perhaps better—known to the Secretary of State than it is to us. I say perhaps better, because the Law Officers of the Crown have, we believe, at various times given the Colonial Office the benefit of their observations thereon—an advantage which the Company, of course, have not enjoyed to the same extent.

We believe the title of the Hudson's Bay Company to be good, and we are prepared to defend it in any Court in which it may be impugned; but we are not prepared to originate any inquiry of the kind; or to undertake to give any guarantee, or to present to the Secretary of State any title other than that which, I have already said, is as well known to his Grace as it is to ourselves. Such as it is, it must be taken for better for worse, for we have no other to offer, and we believe that to be sufficient. If, therefore, any such guarantee or undertaking is a condition precedent to the completion of an arrangement on the basis now suggested in your letter

of the 11th instant, it will, we fear, be wholly useless for us to enter into the consideration of the principle of that offer, or any discussion how far the details involved in it are, or are not, acceptable to the Company, or how far the amount of compensation would be sufficient.

If, indeed, the question were only of some few miles, more or less, of boundary, the case would be wholly different; but in the form in which the claim is presented to us in your postscript, it appears to the Committee to make all further action impracticable.

We may, perhaps, be permitted to make one other remark on the postscript of your letter.

The claim of Canada, if it means anything, seems to assert that certain rights of a foreign Power modify the operation of the Charter. These foreign rights, great as they are, were acquired by treaty for the Crown of England in 1763, nearly one hundred years after the grant of the Charter. Now, after the possession and recognition in various ways for two centuries, the validity of this instrument is attacked on the ground of those supposed rights. The claim thus made may be good or bad—but it appears to us singular that the Company should be required by the Crown itself to warrant the validity of its own Charter. There are legal methods, no doubt, of rescinding by the Courts improvident or unlawful grants emanating from the Crown. In 1857 the Law Officers were consulted by Mr. Labouchere as to the possibility or equity of having recourse to proceedings of this kind in this case, and they gave their answer in the letter referred to above. Our rights, such as they are, came from the Crown, and it seems to us, who are unlearned in

the law, somewhat strange that the Crown, the Grantor, should ask of the Hudson's Bay Company, the Grantee, a warranty for a title derived immediately from itself. It adds to this apparent anomaly that the only competing title against which the warranty could be required is the title of the Crown itself in another shape. We presume that the object of the Canadian Government is to open the country for settlement—an object which it would be in the power of the Colonial Office to secure at any rate, and which the Hudson's Bay Company have no wish whatever to prevent.

But for this preliminary difficulty arising from the postscript to your letter, it would now be my duty to call your attention to the fact that that letter makes no allusion to a substantive portion of our offer, to which we attach great importance—that, namely, of erecting, on certain terms, an Electric Telegraph across the Hudson's Bay Territory. We have ceded to no one the right to do this, and we are perfectly ready, on fair conditions, and as part of the arrangement, to undertake to do it ourselves. Nor is anything said in the counter-proposal made by you as to the portions of land which the Company might be allowed to retain as private property, nor as to the manner in which their posts or their buildings and improvements would be dealt with.

To revert for a moment to the Electric Telegraph, it is obvious that, so far as it goes, the mere appearance of a vague claim on the part of Canada, pressed upon us now, or countenanced by the Secretary of State, must have a tendency to deter us from any outlay of capital in this or any other form. We had hoped to have taken the first steps for the erection of the Telegraph in the present season, and we know by experience that in a distant country, where winter

begins early and lasts till late, a season lost is the loss of the whole year.

I trust, Sir, that in laying these remarks before His Grace the Secretary of State, you will assure him that they are offered with great humility and respect, and that we are as ready as we ever were, to deal in a fair and candid spirit with this or any other offer made to us. So far as the proposal itself goes, and irrespective of this question of title, the Committee rejects no basis of negotiation (if that is a proper word to use in a correspondence between a private Company and Her Majesty's Government), and what they have said is dictated only by a sense of the duty incumbent on them to uphold the interests of the Company whose affairs they administer.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD,

Governor.

DOWNING STREET,

14th March, 1864.

The Right Honorable

Sir EDMUND HEAD, Bart., &c., &c., &c.

Sir,

I am directed by the Duke of Newcastle to transmit to you, for any observations which you may have to offer upon it, the enclosed extract from a Minute of the Executive Council of Canada, urging the expediency of

being taken for settling definitely the North-Western boundary of the Province.

I am,

Sir,

Your obedient Servant,

C. FORTESCUE.

Extract of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General on the 18th February, 1864.

"The Committee are of opinion that, in view of the recent change in the constitution and objects of the Hudson's Bay Company, which, from the correspondence laid before the House of Lords, appears to have been effected; and the claims which the new organization have reiterated with the apparent sanction of His Grace the Duke of Newcastle to territorial rights over a vast region not included in their original Charter, it is highly expedient that steps be taken to settle definitively the North-Western Boundary of Canada.

"The Committee, therefore, recommend that correspondence be opened with the Imperial Government with the view to the adoption of some speedy, inexpensive, and mutually satisfactory plan to determine this important question, and that the claim of Canada be asserted to all that portion of Central British America, which can be shewn to have been in the possession of the French at the period of the cession in 1763."

HUDSON'S BAY HOUSE,

London, March 15th, 1864.

CHICHESTER FORTESCUE, Esq.,

&c., &c., &c.

Sir,

I have the honor to acknowledge your letter of March 14th, and to thank you for the copy of a Minute of the Canadian Council contained therein. My letter, dated this day, contains in fact the observations of the Committee on the claim contained in such Minute—which appears to the Committee to go far beyond a mere question of “boundaries.”

I have the honor to be,

Sir,

Your obedient Servant,

EDMUND HEAD, Governor.

DOWNING STREET,

15th March, 1864.

E. W. WATKIN, Esq.,

Sir,

With reference to previous correspondence, I am directed by the Duke of Newcastle to submit to you an extract from a Minute of the Executive Council of Canada on the subject of the proposals of the Atlantic and Pacific Telegraph Company on which His Grace would be glad to receive any observations, which you and the gentlemen associated with you may have to offer.

I am,

Sir,

Your obedient Servant,

C. FORTESCUE.

Extract of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General on the 18th February, 1864.

“ The Committee of the Executive Council have had
 “ under consideration a despatch No. 49 from His Grace
 “ the Duke of Newcastle, dated 1st May, 1863, with
 “ enclosures, on the subject of a proposal of the ‘Atlantic
 “ ‘ and Pacific Transit and Telegraph Company,’ to establish
 “ telegraphic and postal communication from Lake Superior
 “ to New Westminster, in British Columbia. The Com-
 “ mittee have also had communication of certain correspond-
 “ ence laid before the House of Lords by the Imperial
 “ Government, in answer to an address, dated the 2nd of
 “ July, 1863, which has an important bearing on the project
 “ referred to in His Grace’s despatch.

“ The Atlantic and Pacific Transit and Telegraph Com-
 “ pany appears to have been organized by certain influential
 “ capitalists in London, in consequence of interviews and
 “ discussions which took place between them and Messrs.
 “ Siccotte and Howland on the occasion of their visit to
 “ England in December, 1862, as Canadian Delegates in the
 “ matter of the Inter-Colonial Railway. The proposition
 “ of Messrs. Siccotte and Howland was for ‘the construction
 “ ‘ of a telegraph line and of a road to establish more
 “ ‘ frequent and easy communication between Canada and
 “ ‘ the Pacific, and to facilitate the carrying of mails, pas-
 “ ‘ sengers, and traffic,’ which they thought would be highly
 “ favorable to the settlement of an immense territory, and
 “ also of ‘great advantage to the trade of England.’ They
 “ expressed their opinion to the gentlemen proposing to
 “ form a Company to construct the work, that the Canadian

" Government would agree to give a guarantee of interest at
 " the rate of 4 per cent. upon one-third of the sum expended,
 " provided the whole sum did not exceed 'five hundred
 " ' thousand pounds, and provided also that the same
 " ' guarantee of interest will be secured on the other two-
 " ' thirds of the expenditure by Imperial or Columbian
 " ' contributions.' At a subsequent stage of the negotiations
 " Messrs. Siccotte and Howland, though unwilling to believe
 " that H.M.'s Government would not accede to the proposal
 " of co-operation, expressed their opinion that the Canadian
 " Government would grant to a Company, organized as
 " proposed, a 'guarantee of interest even on one-half of the
 " ' capital stated'—should the Imperial Government refuse
 " to contribute, but they declared they would not advise or
 " press with their colleagues a higher rate of interest than
 " 4 per cent. These gentlemen were therefore of opinion
 " that to secure the object they had mentioned, viz.:—'a
 " ' telegraph line and a road to establish more frequent and
 " ' easy communication between Canada and the Pacific, and
 " ' to facilitate the carrying of mails, passengers, and traffic,'
 " the Government of Canada would be willing to contribute
 " an annual aid or subsidy of not more than ten thousand
 " pounds (£10,000). The Canadian Delegates did not, in
 " the opinion of the Committee, over-estimate the importance
 " of the objects stated, nor the willingness of the Canadian
 " people to grant pecuniary aid in order to secure them.
 " But the Committee observe that the 'Heads of proposal,'
 " submitted by Mr. Watkin on behalf of the 'Atlantic and
 " ' Pacific Transit and Telegraph Company,' and enclosed
 " to Your Excellency by His Grace the Duke of Newcastle,
 " are for *a line of telegraph only*. It is true that in the
 " preamble of the document 'a mail post' is mentioned, and

“in the first ‘Head’ it is stipulated that the Imperial Government, the Colonies, and the Hudson’s Bay Company, shall each grant ‘land’ and ‘all such rights’ as may be required for the ‘post route, telegraph, and necessary ‘stations,’ but the Company do not propose or agree to construct anything but a ‘line of telegraph.’ The road contemplated by Messrs. Siccotte and Howland to facilitate the carrying of mails, passengers, and traffic, is not provided for in any of the ‘Heads of proposal.’

“It is proposed in the second ‘Head’ that the line of Telegraph shall be divided into sections, and so soon as telegraphic communication shall be established throughout any such section, the Colonies of Canada, &c., will guarantee to the Company a rate of profit on the capital expended of ‘not less than four nor more than five per cent.,’ the total capital guaranteed being limited to £500,000. Canada might thus be called upon to pay interest on the cost of sections of a Telegraphic Line wholly without her Territory, and having no connection with any line within it.

“The Committee notice also that in the observations of His Grace the Duke of Newcastle on the ‘Heads of proposal,’ submitted by Mr. Watkin, and which observations are transmitted to Your Excellency for the information of the Canadian Government, ‘the construction of a “Road to facilitate the carrying of mails, passengers, and “traffic’ seems not to be contemplated. The Committee further observe that, while H^r. Grace speaks of the benefit which the Colonies are to receive as that of ‘direct telegraphic communication’ merely, he declares that ‘the

" 'commencement of the undertaking must depend on the
 " 'willingness of the Canadian Government and Legislature
 " 'to complete telegraphic communication from the seat of
 " 'Government to the point on Lake Superior at which the
 " 'Company will take it up,' a condition which would
 " 'involve the construction and maintenance by Canada, at
 " 'her own cost, of several hundred miles of telegraph line
 " 'through a wilderness.

"The Committee have not been able to persuade them-
 "selves that the people of Canada would be likely to receive
 "any benefits corresponding to the cost of constructing a line
 "of Telegraph from the seat of Government to the head of
 "Lake Superior, and guaranteeing half the interest of the
 "cost of constructing a line from that point to the Pacific
 "Coast, unless, at the same time, the fertile valleys and
 "plains of the great North-West are made accessible to
 "Canadian settlers and to European emigrants who are in
 "quest of cheap lands under the protection of the British
 "flag and a free Constitutional Government.

" 'A Telegraph Line' will not accomplish these objects,
 "though it may serve an important purpose, and lead ulti-
 "mately to their attainment. But unless the 'Atlantic and
 " 'Pacific Transit and Telegraph Company' are prepared
 "to undertake the construction of a Road, *pari passu* with
 "the Telegraph line, the Committee cannot, in the present
 "position of the Canadian Exchequer, and with the import-
 "ant question of boundaries, territorial jurisdiction and
 "form of government, in the vast Territory proposed to be
 "opened, still unsettled, recommend the acceptance of the
 " 'Heads of proposal,' as submitted by them and condition-
 "ally approved by his Grace."

24, OLD BROAD STREET,

London, 17th March, 1864.

C. FORTESCUE, Esq., M.P., Colonial Office.

Sir,

I have had the honor to receive your letter of the 15th, enclosing, by the direction of His Grace the Duke of Newcastle an extract from a Report of a Committee of the Honorable Executive Council of Canada, approved by His Excellency the Governor-General on the 18th February, 1864, such extract containing a reply to the despatch of His Grace the Duke of Newcastle of the 1st May, 1863, on the subject of the proposed Telegraphic and Transit Route to the Pacific.

In reply, I beg to say that during my visit to Canada in July and August last I carefully explained to the Honble. the leader of the Canadian Government and to the Minister of Crown Lands that the proposals made through His Grace, and transmitted in the above despatch, involved not merely the construction of a Telegraph but also the erection of a system of posts at convenient distances, and of such further works as were required, in order to complete a Telegraphic and also a Postal and Passenger Route across the British portion of the Continent of America. I further explained the arrangements under which the Atlantic and Pacific Telegraph and Transit Company had transferred their rights and responsibilities to the reorganized Hudson's Bay Company, and I especially stated that the capital of that Company had been considerably enlarged, with the special object of providing ways and means for the completion of these great works.

I have ascertained, and am authorized to state, that the

Hudson's Bay Company have now for many months been in possession of the large funds required, and have repeated in official communications made to His Grace the Duke of Newcastle the offer to proceed with the construction of the Telegraph, as the pioneer work of the series, the moment that satisfactory answers, for which they have been anxiously waiting, in reference to the promised assistance from the Colonies, were received.

In conclusion, I beg to add that I will forward your letter and enclosure of the 15th inst., and a copy of this reply to the Governor of the Hudson's Bay Company, Sir E. Head, for the information of the Hudson's Bay Company, which Company is now responsible for the continuance of the negotiations, and for the completion of the works, which they are perfectly prepared to undertake.

I have the honour to be,

Sir,

Your most obedient Servant,

EDWARD W. WATKIN.

DOWNING STREET,

5th April, 1864.

Sir E. W. HEAD, Bart., &c., &c., &c.

Sir,

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 14th ultimo, in which you state that the Committee of the Hudson's Bay Company are prevented by the postscript of my letter of the 11th from taking into consideration the proposals, contained in that letter, relating to the transfer of part of Rupert's Land to the Crown.

It appears to the Duke of Newcastle that the Committee has somewhat misapprehended the intention with which that postscript was written.

It is assumed, for the present purpose, that the grant to the Hudson's Bay Company is a valid grant. But it appears to be contended on the part of Canada, that, whether valid or not, an instrument, which only granted to the Company land, not in possession of a foreign Power in the year 1670, could not, from its very terms, comprehend in 1763 a territory which then belonged to the French, and which, it is contended, must therefore have then belonged and belong now to Canada.

If this claim, on the part of Canada, were established, it would be evidently impossible for Her Majesty's Government to secure that lands to which it extended, should, when sold, be subject to a payment of 1s. an acre to the Hudson's Bay Company. It is therefore impossible for His Grace to make any pledge of this kind except as to land which is beyond the scope of the Canadian claim.

As regards the territories west of the Mississippi, to which the present negotiation in the main relates, the Duke of Newcastle, after a careful examination, is prepared, for the purpose of the present negotiation, to assume that the Canadian claim is groundless. And he therefore authorises me to renew the proposals contained in the body of my letter of the 11th, subject to the following stipulation:—That, in case it should be found advisable to cede or annex to Canada, any territory lying eastward of a line passing through Lake Winnipeg and from thence to and through the Lake of the Woods, Her Majesty's Government should be at

liberty to exempt the annexed territory from all payments to the Hudson's Bay Company, which payments would thenceforth be exclusively leviable (without any deduction from their amount) on the territories acquired by the Crown to the west of the above line of demarcation. His Grace hopes that this suggestion will remove the difficulty by which the Hudson's Bay Company at present conceive themselves to be embarrassed.

His Grace did not direct me to offer any observation on your proposal for the construction of a Road and Telegraph, because he had already commenced negotiations on that subject with gentlemen representing the Atlantic and Pacific Telegraph and Transit Company, whose project he had recommended to the favourable consideration of the colonies concerned. He is now informed that this Company has transferred its rights and responsibilities to the Hudson's Bay Company. That transfer His Grace is most willing to recognise, if it is recognised by the colonies concerned, and he is further willing that on the completion of the Road and Telegraph from the frontier of Canada to that of British Columbia, lands adjacent to the line shall be granted to the Company at the rate of one square mile for every lineal mile of Road and Telegraph, constructed on Crown land between the line of demarcation above described and the frontier of British Columbia.

The form and exact situation of these grants should, in his Grace's opinion, be left for future discussion, the principle being that a strip of land two miles in width along the line of Road and Telegraph, is to be divided equally between the Government and the Company. But in other respects the grants will be subject to the conditions expressed in the third

article of a memorandum enclosed in a letter addressed to the Duke of Newcastle by Mr. Watkin, on the 28th April, 1863, and in Mr. Fortescue's answer of 1st May, and must be understood to stand in lieu of the grants contemplated by that article.

I enclose a Parliamentary Paper in which Mr. Watkin's letter is printed with the correspondence relating to it.

I am, Sir,

Your obedient servant,

C. FORTESCUE.

The Agreement, referred to in the above letter, was received from the Colonial Office the 1st May, 1863, and will be found on page 10.

HUDSON'S BAY HOUSE,

London, April 15th, 1864.

The Right Honorable CHICHESTER FORTESCUE,

&c., &c., &c.

Sir,

I have had the honor of receiving your letter of April 5th, which has been laid before the Committee of the Hudson's Bay Company and considered by them at a special meeting summoned for that purpose.

After the explanation given, with reference to the post-script of your letter of the 11th ultimo, the Committee feel that they are in a position to renew the negotiation with every hope of coming to a satisfactory conclusion. They think this, because they trust it will be found that their demands, on the part of the Company, differ in degree, rather

than in principle, from the offers made by his Grace the Duke of Newcastle.

2. The Committee do not object to the proposal that a payment of One Shilling per acre for all lands sold should be made to the Company, in proportion as the money is received by the Government, nor do they object to the term of fifty years as the limit of time after which such payment should cease. They think, however, that, if a limit of time is fixed, there ought to be no limit of amount, inasmuch as the Government pay nothing beforehand, and will be called on to hand over the money only on the supposition that they receive a large sum themselves. If the lands sell freely the receipts of the Government will be increased, and the Committee do not see why the share of the Company should not in justice increase in proportion.

If, however, any limit in the amount of the payments, to be made to the Company by this and the next article, is absolutely required, the Committee would be willing to agree that the produce of the two together—that is of the one shilling an acre for land and the percentage on the gold—should not in the aggregate exceed £1,000,000.

It is necessary to make one observation with reference to the payments on account of land. According to the letter of the proposal it would be open to the Colonial Government to defeat the claim of the Company altogether by adopting a system of free grants, and it must therefore be understood, if this be done on any ground of policy, the payment to the Company should be made notwithstanding.

3. With regard to the percentage on the proceeds of gold the Committee are willing to accept the proportion of one-

fourth as stated in your letter, it being clearly understood that they are not called on to defray any portion of the expense of collection or escort. Here again, however, it appears to the Committee, whilst they are willing to admit the limit of time, that the limit in amount, looking to the contingent nature of the payment, ought to be withdrawn.

At any rate they could consent to it only on the terms already stated in Article 2,—that is to say, if the possible limit were extended to £1,000,000 for both lands and gold conjointly.

4. If, in exchange for the rights to be ceded by the Hudson's Bay Company, the Government were about to pay an adequate money consideration, not contingent in its character, there would be of course no reason why the sellers should expect to retain any large portion of the soil or to reserve to themselves the chance of future benefit from the future prosperity of the Colony. But the offers now made are of a totally different character. No profit will accrue to the Company unless the Government itself makes a higher one, and the Committee, as trustees for the Proprietors, feel it to be absolutely necessary to stipulate for certain additional reservations in land, which I will proceed to specify. I may add too that such a reservation would appear to be politic in the interest of the Colony itself. For many years to come the Company must be closely connected in trade with the Territory which they propose to relinquish, and it appears important on every account that they should retain what may be called a "a share in the stake,"—that they should feel their own interests as landholders, as well as merchants, wrapped up with those of the Colony, and should have every inducement to contribute by their influence and

proceedings to its future well-being and tranquillity. There is nothing, perhaps, in which the Company could exert this influence more beneficially than in discouraging the use of spirits in the trade with the natives, and it would be their interest and their wish to second every effort of the Colonial Government in this direction.

The Committee therefore ask—

(a). That the Company should retain, as private property, all their posts and stations on which buildings have been erected with an area of not less than 6000 acres round each such post;—but they do not of course intend that this clause should apply to the Red River Settlement.

(b). That they should in like manner retain all lots set out and occupied by them.

(c). That, whenever the Government of the Colony shall have sold or granted 50,000 acres, the Company should be entitled to a grant of 5000 acres of wild land to be selected by them.

The Committee have proposed this mode of reservation because it appears to them to obviate the objection, which may reasonably be made to setting apart beforehand a number of isolated tracts of wild land, dotted over the surface of the Colony, and calculated to impede the free flow of settlement in the Territory. In this manner the grants to the Company will only proceed equally with the progress of colonization; and the demand will hardly seem extravagant, when it is considered that the total number of acres, to be at once handed over, cannot be estimated at less than two hundred million.

5. The Committee think it necessary to provide that the Colonial Government shall not, at any time, tax the lands or property of the Company in any way, or on any scale, different from that on which the lands or property of other Proprietors are taxed.

6. The Committee assume that all charges of a public character, which now fall on the Hudson's Bay Company, shall as a matter of course be transferred to the Government of the Colony. As regards the salary of the Bishop of Rupert's Land, the Company, by the Governor and Deputy Governor, act jointly with others as Trustees of what is called "The Leith Fund." For the discharge of these trusts, so far as that fund is concerned, they of course would remain answerable, but they think that they ought to be relieved of any obligations (over and above the proceeds of the fund) which they had taken on themselves as a matter of liberality and public policy. In an equitable arrangement of all these matters, without injury to the interest of the Church or of individuals, the Committee see no real difficulty.

7. The next point to be dealt with is the important question of the Electric Telegraph and the opening a communication sufficient for the passage of the mails across the present Territory of the Company from Canada to British Columbia.

The Committee are quite willing to accept the paper submitted by Mr. Watkin to his Grace the Duke of Newcastle as the basis of this arrangement, and are prepared to place themselves substantially in the position of the Atlantic and

Pacific Transit and Telegraph Company, subject to the following alterations.

The point, at which the Telegraph will probably begin on the Eastern side of the Territory, will be either Pembina or Rainy Lake, according as Canada may, or may not, adhere to the original terms proposed. If Canada should decline to fulfil what is laid down in the paper referred to, the Company will of course be compelled to make the best bargain they can with the lines traversing Minnesota and passing through the United States, and they will have to forego the guarantee of interest originally held out from Canada. Rainy Lake is named, not as being the admitted frontier of the province, but simply as the conventional point eastward assumed in your despatch.

With regard to the third Article in the paper referred to, the letter of its provisions is not wholly applicable to the altered state of things; but in accordance with your letter of the 5th inst., the Committee are willing to adopt its spirit as the basis of the arrangement to be made. They cannot however admit that one square mile for every lineal mile of telegraph would be an adequate allowance of wild land for such an undertaking. They believe it will be found that, in all such enterprises through an unsettled country in America, the proportion of land granted to the contractors has been far larger, and they think that the claim in their case is strengthened, rather than weakened, by the fact that the land to be passed through is a very small portion of that which they themselves propose to cede for a consideration, for a time at least little more than nominal.

The Committee on referring to the printed correspondence,

forwarded by you, find that Sir Frederic Rogers, in his letter of August 28th, 1862, expressed the gratification of his Grace the Duke of Newcastle at the readiness of the Company to make a grant of land to the promoters of the proposed Passenger and Telegraphic communication; but they believe on the best authority that the most moderate demand ever made by Mr. Watkin, when then sent to the Company by his Grace, very far exceeded the breadth of five miles of wild land for every lineal mile of telegraph. Below this amount of wild land, to be set out in alternate sections, as proposed in the third article of Mr. Watkin's paper, the Committee could not reduce their demand.

8. Such, Sir, are the conditions which the Committee feel bound to offer to Her Majesty's Government after a full consideration of all the circumstances of the case. Even with these conditions they do not feel sure that they shall escape on the part of their Proprietors the question—"What are we to obtain for this cession of our rights in so large a Territory? Why are we—the Hudson's Bay Company—to purchase, at so large a cost, the erection of the Queen's authority on British soil rendered necessary by no fault of ours? Could we, under any circumstances, be worse off than we shall be in sacrificing, for a contingent consideration, this vast mass of property and the chance of profit from its future development?"

If we do not think that these questions admitted of a satisfactory answer we should not, as Trustees for the Proprietors, convey to you the offers made in this letter. But it may be difficult to convince our Shareholders that (as we believe) the real interests of the Company and of Her

Majesty's Government will be equally promoted by their adoption in the form now suggested.

I have the honor to be,

Sir,

Your obedient Servant,

EDMUND HEAD,

Governor.

DOWNING STREET,

6th June, 1864.

The Right Honorable

Sir E. HEAD, Bart.

Sir,

I am directed by Mr. Secretary Cardwell to inform you that he has had under his consideration your letter of the 13th of April last.

Mr. Cardwell will not be prepared to accept, without considerable modification, the terms contained in it. But before sending to you, in answer, the terms to which he would be prepared to bind Her Majesty's Government, he feels that it will be necessary to consult the Lords of Her Majesty's Treasury, and to ascertain more fully the views, which may be entertained by the advisers of the Governor General of Canada.

In the mean time he does not understand that you are willing to undertake to complete a line of Telegraph and Road to the Pacific, until you shall have received the assurances from Canada, British Columbia, and Vancouver

Island, to which reference has been made in the former correspondence.

I am, Sir,

Your obedient Servant,

FREDERIC ROGERS.

HUDSON'S BAY HOUSE,

London, June 7th, 1864.

SIR FREDERIC ROGERS, Bart., &c., &c., &c.

Colonial Office.

Sir,

I have the honor to acknowledge your letter of June 6th, in which you inform me that Mr. Secretary Cardwell will not be prepared to accept the terms contained in my letter of April 13th last without considerable modifications. Until the Committee of the Hudson's Bay Company shall know what those modifications amount to, it is of course premature to express an opinion as to their own power to acquiesce in them; but it is only fair to state at once that they have little hope of obtaining the assent of their Shareholders to any terms involving sacrifices on the part of the Company, which (taken as a whole) would be more extensive than those already proposed.

With regard to the latter part of your letter the Hudson's Bay Company are prepared to take steps at once for the erection of the Telegraph from Pembina or Rainy Lake (as the case may be) to the Pacific at New Westminster. Whether they would connect this line with the Canadian line, over British Territory, would depend upon the readiness of

the Canadian Government to complete their own Telegraph up to Rainy Lake, and fulfil conditions similar to those which were originally discussed with the Duke of Newcastle. As a matter of course the Hudson's Bay Company would expect from the Government of British Columbia such support and assistance as would on their part be equivalent to the benefits conferred by a direct and easy communication with the Atlantic ports, whether by way of Canada or of the United States.

I have the honor to be,

Sir,

Your most obedient servant,

EDMUND HEAD.

HUDSON'S BAY HOUSE,

London, June 7th, 1864.

The Right Honorable

CHICHESTER FORTESCUE, M.P., &c., &c., &c.

Sir,

I have the honor to inform you that the Committee of the Hudson's Bay Company have sent Dr. Rae to Rupert's Land with a view of ascertaining the best and most practicable route for an Electric Telegraph across the Company's territory from Red River to the head of Fraser's River or thereabouts. The Committee are anxious that Dr. Rae, whilst he is in the country, may have an opportunity of surveying (roughly at least) the probable route for a line of Telegraph from the head waters of the Fraser to New Westminster, but they are apprehensive that, in making an exami-

nation of this kind without the authority of the Government of British Columbia, the Hudson's Bay Company may appear to be assuming rights, which they do not possess beyond the Rocky mountains. The Committee would therefore request that instructions may be given to the Governor of British Columbia to permit such an examination to be made by Dr. Rae, as a necessary step with a view to future arrangements.

I have the honor to be,

Sir,

Your obedient Servant,

EDMUND HEAD.

DOWNING STREET,

13th June, 1864.

The Right Honorable Sir E. HEAD, Bart.

Sir,

With reference to your letter of the 7th instant, I am directed by Mr. Secretary Cardwell to acquaint you that instructions will be sent by the first opportunity to the Governor of British Columbia to afford Dr. Rae every assistance in his power to enable him to make the survey desired by the Hudson's Bay Company of the probable route for a line of Telegraph from the head waters of Fraser's River to New Westminster.

I am,

Sir,

Your obedient Servant,

C. FORTESCUE.

DOWNING STREET,

29th November, 1864.

The Right Honourable Sir E. HEAD, Bart.

Sir,

With reference to your letter of the 7th of June, I am directed by Mr. Secretary Cardwell to transmit to you a copy of a despatch from the Governor of British Columbia, enclosing copy of a notice which he had issued calling upon all Magistrates, Constables, and other public officers to furnish Dr. Rae with any aid which he might require.

I am,

Sir,

Your obedient Servant,

T. FREDERICK ELLIOT.

(*Enclosure.*)

NEW WESTMINSTER,

5th September, 1864.

The Right Honorable

EDWARD CARDWELL, M.P., &c., &c., &c.

Sir,

I have had the honor to receive your despatch No. 12 of the 11th of June, informing me that Dr. Rae would probably shortly arrive in the colony for the purpose of surveying a practicable route for an Electric Telegraph from head of Fraser River to New Westminster, and directing me to afford him assistance in the prosecution of this undertaking.

2. I enclose copy of a notice which I caused to be inserted in the Gazette, calling upon all Magistrates, Constables, and

other public officers to furnish Dr. Rae with any aid of which he might stand in need. It is almost superfluous for me to say that I shall offer him personally every assistance on his arrival in New Westminster.

I have the honour to be,

Sir,

Your most obedient humble Servant,

RICHARD SEYMOUR.

(Copy.)

Extract from the Government Gazette, British Columbia.

“COLONIAL SECRETARY’S OFFICE,

“ 1st September, 1864.

“ Dr. Rae being expected to arrive shortly in this colony by way of the Rocky Mountains for the purpose of completing the survey of the line of Telegraph from the Red River to New Westminster, the Governor requests that all magistrates, constables, or other public officers will furnish him with such aid and assistance as he may require.

CHARLES GOOD,

For the Col. Sec.”

HUDSON’S BAY HOUSE,

London, December 7th, 1864.

Sir FREDERIC ROGERS, Bart.,

&c., &c., &c.

Sir,

In my letter of 13th April, 1864, a definite pro-

posal, involving the cession of a certain portion of the Company's Territory and rights of property therein, was made by me (subject to the approval of the Proprietors) on behalf of the Committee of the Hudson's Bay Company. We cannot but feel that the long delay which has taken place in answering this proposal has been detrimental to the interests of the Company in more ways than one, but looking to the reasons assigned by the Right Honourable the Secretary of State for such delay in your letter of 5th April, 1864, we have not hitherto felt at liberty to press for a final decision.

The discussion, which has now arisen respecting the Union of the North American Provinces under one Government, has made us think that it may be expedient for us to submit to the Secretary of State another scheme for carrying out this transfer—not because we wish to alter or retract our former offer—but simply as an alternative which we, on behalf of the Company, and subject to the approval of our Proprietors should be ready to accept.

The Territory with its mining rights, affected by such transfer, has been sufficiently defined in the former correspondence but it may be roughly described as follows—

On the west bounded by British Columbia.

On the north by the Northern Saskatchewan down to Lake Winnipeg.

On the east by a line from the mouth of the Saskatchewan to the point where the Winnipeg river enters that Lake, and thence by a parallel of latitude due east until such parallel cuts Canadian Territory, by intersecting the water-shed between the basin of the Lake and the St. Lawrence on the one hand, and that of Hudson's Bay on the other.

On the south by the United States Boundary, or by any outlying portion of British Territory not included in this Company's Lands.

The conditions on which we would recommend the Proprietors to cede this Territory and all mining rights and rights of property or government within it are the following—

1. That the Company be paid £1,000,000 sterling.
2. That the Government of British North America acknowledge the Company's right to trade without exclusive privileges of any kind within the Territory.
3. That the Company should hold in fee simple all their posts now occupied, with a reasonable area round each post. All previous sales and bargains at Red River made by them shall be confirmed.
4. That the Government of British North America shall impose no exceptional taxes on the Company, its property or its servants.
5. That the disputed matter of the Company's lands in Canada be settled by issuing grants on the footing formerly agreed upon between Mr. Vankoughnet and Mr. Hopkins.
6. That the Company shall be bound to hand over to the Government of British North America all the materials for the construction of the Telegraph on payment of the cost price and expenses already incurred.

You will understand, Sir, that the proposal, contained in this letter, is not to be construed as any withdrawal or

modification of that previously made, but that it is laid before the Secretary of State simply as a possible alternative.

The Committee are of opinion that, in the event of the transfer of the Territory to any Colonial Government, such transfer ought to be effected and the conditions stipulated with the Company, ought to be embodied in an English Act of Parliament.

Before closing this letter it is right that I should state, for the information of the Right Honourable the Secretary of State, that Dr. Rae has returned to England having traversed the whole district from Red River over the Pass, leading to Tete Jaune Cache, and thence down the Fraser to New Westminster. Every assistance was given him in British Columbia and he reports that it is perfectly easy to construct across this country a line of Telegraph, as well as a Road, sufficient for the conveyance of the mails. Telegraphic Wire and Insulators in sufficient quantities are already at York Factory, on the Mississippi or on the voyage to Victoria, so that all the materials will be in the spring on the spots where they are required, and the Company will await with anxiety the decision of Her Majesty's Government as to the offers now in the hands of the Secretary of State.

I have the honor to be.

Sir,

Your most obedient servant,

EDMUND HEAD.

HUDSON'S BAY HOUSE,

London, Dec. 12th, 1864.

T. FREDERICK ELLIOT, Esq.,

Colonial Office, Downing Street,

Sir,

I have the honor to acknowledge the receipt of your letter of the 29th ultimo, transmitting a copy of a despatch from the Governor of British Columbia, enclosing copy of a notice which he had issued, calling upon all magistrates, constables and other public officers to furnish Dr. Rae with any aid which he might require in surveying the route for an Electric Telegraph across the Rocky Mountains, and, on behalf of myself and my colleagues in the direction of this Company, I have to request that you will convey to the Secretary of State for the Colonial Department our best thanks for his obliging communication.

I have the honor to be,

Sir,

Your most obedient servant,

EDMUND HEAD.

Governor.

HUDSON'S BAY HOUSE,

December 18th, 1864.

The Right Honorable

EDWARD CARDWELL,

Sir,

I have the honor to forward two maps showing respectively the Territory of the Hudson's Bay Company as it is now held, and the portion of territory which it is proposed to cede by my letter of December 7th.

The memorandum at the foot of the second of the maps is rendered necessary by the imperfect character of the surveys of the regions to which it refers. It explains that it was assumed that eastern parallel of latitude to the mouth of the Winnipeg would cut the Canadian Frontier somewhere to the westward of the 85th meridian of west longitude. It was not our intention to run this parallel further to the east, but up to that point the Committee would consent to its prolongation if it does not cut the frontier before.

I have the honor to be,

Sir,

Your obedient servant,

EDMUND HEAD,

Governor.

DOWNING STREET,

19th December, 1864.

The Right Honorable Sir E. HEAD, Bart,

. &c., &c., &c.,

Sir,

I am directed by Mr. Secretary Cardwell to transmit to you a copy of a Minute of the Executive Council of Canada containing their views on the future Government of the Red River and Saskatchewan Territories, and I am to acquaint you that Mr. Cardwell is in communication on the

subject with Mr. Brown, the President of the Executive Council of that Province.

I am,

Sir,

Your most obedient servant,

T. FREDK. ELLIOT.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General on the 11th November, 1864.

The Committee of Council have had under their consideration the despatch of the Right Honorable Edward Cardwell, Her Majesty's Secretary of State for the Colonies, of 1st July 1864, in reply to your Excellency's despatch of 19th February, 1864, transmitting Minute of Council on the subject of the pending negotiations between Her Majesty's Government and the Hudson's Bay Company for the cession to the Crown of the rights of that Company in the North West Territories.

In the Minute of Council, transmitted by Your Excellency, the Government of Canada recommended that "correspondence be opened with the Imperial Government, "with a view to the adoption of some speedy, inexpensive and "mutually satisfactory plan 'to settle definitely the North "Western Boundary of Canada,' and that 'the claim of "Canada be asserted to all that portion of Central British "America, which can be shown to have been in possession of "the French at the period of the cession in 1763.' "

Mr. Cardwell, in acknowledging this Minute, remarks that "if the proposed cession shall take place, it will be "necessary to make provision for the future Government of "the Red River Settlement, and prospectively of such parts "of the Territory as may from time to time become the "seats of settled occupation and industry." He quotes from the Report of the Select Committee of the House of Commons of 1857, in which it is said "Your Committee "consider that it is essential to meet the just and reasonable "wishes of Canada to be enabled to annex to her Territory "such portion of the land in her neighbourhood as may be "available to her for the purpose of settlement, with which "lands she is willing to open and maintain communication, "and for which she will provide the means of local administration."

Your Committee apprehend that the districts on the Red River and the Saskatchewan are among those likely to be desired for early occupation. It is of great importance that the peace and good order of those districts should be effectually secured. Your Committee trust that there will be no difficulty in effecting arrangements as between Her Majesty's Government and the Hudson's Bay Company, by which those Districts may be ceded to Canada on equitable principles, and within the Districts thus annexed to her, the authority of the Hudson's Bay Company would of course entirely cease. And Mr. Cardwell concludes by asking whether the Government of Canada are prepared to assist in these negotiations with the view of accepting the Government of any portion of the Territory and undertaking the duties contemplated by the Committee, in case sufficiently favorable terms can be obtained; and he suggests that, if

perpared so to do, it would be desirable that some person duly authorised to communicate the views of the Canadian Government should be sent to England for that purpose.

The Committee of Council recommend that Mr. Cardwell be informed that the Government of Canada is more than ever impressed with the importance of opening up to settlement and cultivation the lands lying between Lake Superior and the Rocky Mountains. The great extent of these lands and their adaptability for settlement are now established beyond a doubt, and it is not to be contemplated that a region so fertile and capable of sustaining so vast a population should longer be closed to civilization for the benefit of a trading company, however long established and respectable that company may be. The rapid progress of British Columbia adds to the expediency of opening without delay an overland route to the Pacific, and gives feasibility to the hope long cherished by many that the Atlantic and Pacific Oceans, ere many years elapse, may be connected by one direct line of railway through British Territory from Halifax to British Columbia. The close relations springing up between the Red River settlers and the Americans of Pembina and St. Paul, and the removal of many Americans into the Territory, render it doubly expedient that a settled Government under the British Crown should be established in the country at an early date. The effort now being made, with every prospect of success, by the Governments of Canada, Nova Scotia, New Brunswick, Newfoundland, and Prince Edward Island for the union of all these Provinces under one Government, presents another strong reason for settling now the future position of the North West Country. More especially as the parties to the proposed British

American Federation have unanimously agreed that the people of the North West Territory, and of British Columbia and Vancouver, may at any time join the Federation on equitable terms, and the whole of British America thus become united in one system of Government under the protecting rule of Great Britain.

The Government of Canada is ready and anxious to co-operate with the Imperial Government in securing the early settlement of the territory and the establishment of the local Government in its settled portions. The Government looks forward with interest to the day when the valley of the Saskatchewan will become the back country of Canada, and the land of hope for the hardy youth of the province when they seek new homes in the forest; and it anticipates with confidence the day when Canada will become the highway of immigration from Europe into those fertile valleys. To attain these ends the Government is prepared to render all the aid in its power toward opening up the country.

The Committee of Council are however clearly of the opinion that the first step towards the settlement of the territory is the extinction of all claim by the Hudson's Bay Company to proprietary rights in the soil or exclusive right of trade. The Committee do not deem it necessary now to raise the question of the validity or invalidity of the Company's charter. Were all the pretensions of the Company as to their title fully admitted for the sake of argument, the necessity of its speedy extinction would still remain. It is not to be entertained for a moment that half a continent should continue to be shut off from the world on the strength of a parchment title however good.

The Committee are however conscious that it is for the Imperial Government and not for the Government of Canada to assume the duty of bringing to an end a monopoly originating in an English Charter and exercised so long under Imperial sanction; and while acknowledging with thanks the courtesy of Mr. Cardwell in inviting the Government of Canada to assist in negotiations with the Hudson's Bay Company for the cession to the Crown of their claims, the Committee are of the opinion that the negotiations will be advantageously left in the hands of the Imperial Government.

When the negotiations have been brought to a close the Government of Canada will be ready to arrange with the Imperial Government for the annexation to Canada of such portion of the land in her neighbourhood as may be available for settlement, as well as for the opening up of communications into the territory and providing the means of local administration. Or should the Imperial Government prefer to erect the territory into a Crown Colony, the Government of Canada will gladly co-operate in the opening up of communication into the territory and the settlement of the country.

The Committee express the hope that, until the Government of Canada has been communicated with, no cession of large sections of land will be made by the Imperial Government for any purpose or any right of way granted through the territory. The history of the American Continent is replete with examples of the great evils resulting from the locking up of extensive tracts of land in the hands of wealthy Corporations, whose whole object is the realization of large profits. The existence of such an evil in these north-western regions would seriously embarrass the efforts of any

Government for the early and satisfactory settlement of the country.

In suggesting that the negotiations with the Hudson's Bay Company should remain in the hands of the Imperial Government, the Committee are anxious that Mr. Cardwell should not interpret this as arising from any diminution of interest, on the part of Canada, in the just and speedy settlement of this great question. On the contrary the public interest in the question and the desire for the early occupation of the country have of late much increased, and the best proof of this is furnished in the desire unanimously expressed by the recent conference of the Atlantic Provinces for a political union with the Great Western Territories. The Government will observe the progress of the negotiations with profound interest and will most gladly communicate with Mr. Cardwell on any point which he may deem proper to submit to it. The Honorable the President of the Executive Council of Canada sails for England on the 16th instant; he has given much attention to the Hudson's Bay question, and will be able to communicate more fully to Mr. Cardwell the views of the Government on the subject, of which he is fully possessed.

(Certified)

W. A. HUNSWORTH,

Acting C. E. C.

HUDSON'S BAY HOUSE,

London, December 20th, 1864.

THOS. FREDERICK ELLIOT, Esq.

Sir,

I have the honor to acknowledge and thank you

for the copy of the Minute of the Executive Council of Canada, dated the 11th of November, 1864.

I have the honour to be,

Sir,

Your most obedient Servant,

EDMUND HEAD,

Governor.

DOWNING STREET,

June 27th, 1865.

The Right Honorable

Sir EDMUND HEAD, Bart.

Sir,

I am directed by Mr. Secretary Cardwell to communicate to you copy of a correspondence, which has passed between Lord Monck and himself, and which will place you in possession of the result of the conferences which have taken place between Her Majesty's Government and a Deputation from the Executive Council of Canada on the affairs of British North America.

You will observe from this correspondence that Her Majesty's Government, on the part of this country, and the Canadian Ministers on the part of Canada, are prepared, subject to the consent of their respective Parliaments, and of the Hudson's Bay Company, to enter into certain arrangements for transferring to Canada the North Western Territory.

I am,

Sir,

Your most obedient Servant,

T. FREDK. ELLIOT.

Copy Extracts from the Correspondence referred to.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General on the 24th March, 1865.

"The Committee respectfully recommend that four members of your Excellency's Council do proceed to England to confer with Her Majesty's Government.

"1. Upon the proposed confederation of the British North American provinces, and the means whereby it can be most speedily effected.

"2nd. Upon the arrangements necessary for the defence of Canada in the event of war arising with the United States, and the extent to which the same should be shared between Great Britain and Canada.

"3rd. Upon the steps to be taken with reference to the Reciprocity Treaty, and the rights conferred by it upon the United States.

"4th. Upon the arrangements necessary for the settlement of the North-west Territory and Hudson's Bay Company's claims.

"5th. And generally upon the existing critical state of affairs by which Canada is most seriously affected."

"The Committee further recommend that the following Members of Council be named to form the Delegation, viz.: Messrs. Macdonald, Cartier, Brown, and Galt."

Certified,

WM. H. LEE, C. E. C.

*Extract of Despatch from the Right Honble. E. CARDWELL,
M.P., to Governor General Viscount MONCK, dated
Downing Street, June 17th, 1865.*

“ On the fourth point the subject of the North Western
“ Territory, the Canadian Ministers desired that that terri-
“ tory should be made over to Canada, and undertook to
“ negotiate with the Hudson’s Bay Company for the termi-
“ nation of their rights, on condition that the indemnity, if
“ any, should be paid by a loan to be raised by Canada
“ under the Imperial Guarantee. With the sanction of the
“ Cabinet, we assented to this proposal, undertaking that, if
“ the negotiation should be successful, we on the part of the
“ Crown being satisfied that the amount of the indemnity
“ was reasonable, and the security sufficient, would apply to
“ the Imperial Parliament to sanction the arrangement and
“ to guarantee the amount.”

HUDSON’S BAY HOUSE,

London, June 29th, 1865.

T. FREDK. ELLIOT, Esq.,

&c., &c., &c.

Sir,

I have the honor to acknowledge your letter of
June 27th, containing a copy of correspondence between
His Excellency Viscount Monck and the Right Honorable
the Secretary of State.

I beg that you will convey the thanks of myself and the
Committee of the Hudson’s Bay Company to Mr. Cardwell
for this communication, and that you will assure him we

shall be ready to consider any proposal made by the Government of Canada with reference to the Territory of the Company.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD,

Governor.

HUDSON'S BAY HOUSE,

London, August 29th, 1865.

THOS. FREDK. ELLIOT, Esq.,

&c., &c., &c.

Sir,

A Report made by the Honorable George Brown to the Governor General of Canada has been placed in my hands, which contains numerous verbatim extracts from the correspondence between myself and the Colonial Office, with reference to the Territory of the Hudson's Bay Company.

It is not my intention to comment, in any way, on this report, or to express a doubt whether Mr. Brown was authorised to copy and employ as he pleased the correspondence referred to.

I wish however to submit for the consideration of the Right Honorable the Secretary of State the following point—

This correspondence, like all other papers of the kind, is to be judged of only as a whole. If the Canadian Government are allowed to use such portions of it as seem to them likely to answer the purpose of depreciating the value of the

property of the Company, it would appear fair that the Governor and Committee should be allowed to print and circulate the whole correspondence if they think it for the interest of the Company to do so.

I do not at this moment know whether it would be worth our while to take this step, but I would beg to be informed whether we are at liberty to do so, if it appears to us expedient for the interests of the Company.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD,

Governor.

DOWNING STREET,

5th September, 1865.

The Right Honorable Sir EDMUND HEAD, Bart.,

&c., &c., &c.

Sir,

I am directed by Mr. Secretary Cardwell to acknowledge your letter of the 29th ultimo, in which, with reference to extracts made by the Honorable George Brown in a report to the Governor of Canada of an official correspondence between this Department and the Hudson's Bay Company on the subject of their Territory, you enquire whether the Company are at liberty to publish, if they think fit, the whole of the correspondence.

I am desired to acquaint you, in answer, that Mr. Cardwell has no objection whatever to the Company's publishing, if

they desire it, copies of the correspondence to which you refer.

I am, Sir,

Your most obedient Servant,

T. FREDK. ELLIOT.

HUDSON'S BAY HOUSE,

London, February 6th, 1866.

T. FREDERICK ELLIOT, Esq., &c., &c., &c.,

Colonial Office.

Sir,

I have the honor to enclose certain papers for the information of the Right Honorable the Secretary of State.

A. Extract from a letter addressed to the Secretary of the Hudson's Bay Company by William Mactavish, Esquire, Governor of Rupert's Land, dated November 13th, 1865.

B. Copy of letter addressed to the Governor of the Hudson's Bay Company by Mr. Alexander McEwen, dated January 18th, 1866.

C. Copy of answer to the same sent by order of the Governor and Committee, and dated January 24th, 1866.

With regard to Mr. Mactavish's letter it will be observed that Vermillion Lake is in the United States Territory, a little south of Rainy Lake.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD.

A.

Extract of a letter from WILLIAM MACTAVISH, Esq., Governor of Rupert's Land, to THOMAS FRASER, Esq., Secretary, dated Fort Garry, Red River, 13th November, 1865.

"An alleged discovery of gold in American Territory, near Vermillion Lake, in the Lake Superior District, has created considerable excitement at St. Paul. The gold is in quartz and slate rocks, which, it is expected by some new process will be easily washed without machinery. It is said that the gold-bearing rocks across the country will be found in the Company's Territory near Lac La Pluie. I have no means of deciding how much credit is to be given to the accounts, but there is no doubt some truth in them, though I dare say speculators will make the most of it."

B.

(Copy.)

5, NICHOLAS LANE, LOMBARD STREET,

London, 18th January, 1867.

SIR EDMUND W. HEAD, Bart.,

&c., &c., &c.

Sir,

Will you permit me to enquire, on behalf of self and friends, whether the Hudson's Bay Company is at liberty and is willing to dispose of its cultivable territory to a party of Anglo-American Capitalists, who would settle and colonize the same on a system similar to that now in opera-

tion in the United States in respect to the organization of Territories and States.

If so, perhaps you will also state whether you are also ready to make or to receive, with the intention of business, a proposition for the absolute sale of the same.

I am,

Sir,

Your obedient Servant,

ALEX. McEWEN.

C.

(Copy.)

HUDSON'S BAY HOUSE,

London, 24th January, 1866.

ALEXANDER McEWEN, Esq.

Sir,

Your letter of January 18th was received and laid before the Governor and Committee at their meeting on the 23rd inst.

I am directed by them, in reply, to inform you that they are quite ready to entertain and consider favorably any proposal for purchasing a portion of the Company's territory for the purpose of colonization.

With respect to the organization of the Territory to be settled, the Hudson's Bay Company would be desirous of facilitating such organization by the exercise of any power which they lawfully possess. As Rupert's Land is a British Colony, the concurrence of Her Majesty's Government on the part of the Crown would be necessary in the establishment of any Government, but the Governor and Committee

see no reason to suppose that any obstacle would arise on this account.

I am, Sir,

Your obedient Servant,

THOMAS FRASER,

Secretary.

DOWNING STREET,

20th February, 1866.

The Right Honorable Sir E. W. HEAD, Bart.

Sir,

I have the honor to acknowledge the receipt of your letter of the 6th inst., enclosing a copy of one addressed to you by Mr. McEwen, enquiring if the Hudson's Bay Company are willing to dispose of such portions of their Territory as are capable of cultivation to a party of Anglo-American Capitalists. You also enclose a copy of the reply which the Company have returned to this enquiry.

Having regard to the reference you have made in your letter to the probable concurrence of Her Majesty's Government, in the establishment of some new Government, Mr. Cardwell is desirous of reminding you that, at the Conference which took place during last summer between the Canadian Ministers and certain Members of Her Majesty's Government, the Provincial Ministers expressed their desire that the North-Western Territory should be made over to Canada, and they undertook to negotiate with the Hudson's Bay Company for the termination of their rights, on condition that the indemnity, if any, should be paid by a loan, to be raised by Canada under the Imperial guarantee. To this

proposal Her Majesty's Ministers assented, engaging that if the negotiation should be successful, they on the part of the Crown, being satisfied that the amount of the indemnity was reasonable and the security sufficient, would apply to the Imperial Parliament to sanction the arrangement and guarantee the amount.

Until this engagement shall have been disposed of, it will be necessary for Her Majesty's Government to keep it in view in any steps which they may be called upon to take in the matter.

I am,

Sir,

Your obedient Servant,

W. E. FORSTER.

HUDSON'S BAY HOUSE,

London, March 1st, 1866.

W. E. FORSTER, Esq., M.P., &c., &c., &c.

Sir,

I have the honour to acknowledge your letter of the 20th inst.

I beg to assure the Secretary of State that the Committee of the Hudson's Bay Company have never lost sight of the fact that an arrangement for transferring their rights to Canada was contemplated as possible, although no action or engagement has been yet taken, on the part of the Company, except so far as to express a readiness to consider any offer which may be made.

The letter to Mr. McEwen intended only to say that the

Company would be ready to exercise its lawful powers for the protection of Colonists and the reorganization of a settlement in their Territory. If those powers shall have been previously purchased by Canada or assumed by Her Majesty's Government, their exercise will not be needed, because there will then be another government in existence. If such powers were still in the hands of the Company, the Committee ventured to think that the Right Honorable the Secretary of State would probably concur in any lawful exercise of them which might be necessary for the good of settlers.

Irrespective of any question of the government of the Territory, the Committee presume that they are at the present time in no-wise hampered in the disposal of their private property in lands by sale. At the same time I would venture most respectfully to enquire for how long a period the option, if it may so be called, which has been given to Canada, is supposed to remain open.

On the 29th June, 1865, I assured the Secretary of State of our readiness to consider any offer made in pursuance of the agreement between Her Majesty's Government and the Canadian Deputation. Since that time, so far as the Committee knew, the only step taken has been the publication of a Report made to the Governor-General of Canada by one of the deputation, in which, as it appears to the Committee, the rights of the Company are disputed, and the value of its property systematically depreciated.

If, indeed, the action of the Company, with reference to its rights of private property (as distinguished from its rights of Government), is in any degree fettered or sus-

pended by the existence of the Agreement of Her Majesty's Government with that of Canada, the question of delay and the possibility of losing a favourable opportunity for sales may become a very grave one in a pecuniary point of view. This is more especially the case because in the Agreement the words "if any" are expressly inserted in connection with the proposed compensation. So far, therefore, as that Agreement is concerned, the Company after all may be held entitled to no compensation for their rights public or private. It is difficult to see how a stipulation of this very contingent character, not entered into by the Company themselves, can, with any fairness, be considered as interfering with its right to deal with its own property.

It is scarcely necessary for me to say that the final acceptance of any offer, made by Canada or by any other party, would depend, not on the Committee, but on the body of Shareholders to whom that property belongs.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD,

Governor.

HUDSON'S BAY HOUSE,

London, March 29th, 1866.

WILLIAM E. FORSTER, Esq., M.P.

&c., &c., &c.

Sir,

I have the honor to request that you will submit

to the Right Honorable the Secretary of State for his consideration the following papers :—

1. Extract of a letter from Governor William Mactavish, dated January 22nd, 1866.
2. Copy of case submitted to Mr. Montague Bere, Barrister at Law, and of Mr. Bere's opinion on such case, with reference to the points raised by Governor Mactavish.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD.

The above papers having reference only to a proposal for establishing a Court of Probate in Rupert's Land, it is considered unnecessary to insert them at length in this correspondence.

DOWNING STREET,

5th April, 1866.

The Right Honorable

Sir EDMUND HEAD, Bart.

Sir,

I am directed by Mr. Secretary Cardwell to acknowledge the receipt of your letter with its enclosure of the 29th ultimo, on the subject of the establishment of a Court of Probate in the territories of the Hudson's Bay Company in British North America.

I am to acquaint you, in reply, that if the Company have

any proposal to make, for which the sanction of the Crown is necessary, Mr. Cardwell would request them to have the goodness to prepare and submit it for consideration.

I have the honor to be,

Sir,

Your most obedient Servant,

T. FREDERICK ELLIOT.

HUDSON'S BAY HOUSE,

London, April 6th, 1866.

T. FREDERICK ELLIOT, Esq.,
Colonial Office,
Downing Street.

Sir,

I have the honor to acknowledge your letter of the 5th inst., and I beg you will thank the Right Honorable the Secretary of State for his offer to consider any definite scheme, laid before him by the Company, with reference to a Court of Probate.

The papers in question were submitted to Mr. Cardwell, without any scheme or proposal in a definite shape, because the Governor and Committee felt that, whilst the option of purchase of their rights by Canada was still supposed by Her Majesty's Government to be pending, it was useless to frame any such plan.

The Governor and Committee are still of this opinion, and they think the difficulty complained of, on the part of British subjects in Rupert's Land, furnishes an additional reason

for a speedy decision on the part of the Government of Canada.

I have the honor to be,

Sir,

Your most obedient servant,

EDMUND HEAD.

DOWNING STREET,

16th April, 1866.

The Right Honorable

Sir EDMUND HEAD, Bart.,

Sir,

With reference to your letter of the 6th instant, I am directed by Mr. Secretary Cardwell to acquaint you that copies of the correspondence respecting the establishment of a Probate Court, within the Territories of the Hudson's Bay Company in British North America, will be sent to the Governor of Canada for the information of the Provincial Government.

I am,

Sir,

Your most obedient Servant,

FREDERIC ROGERS.

HUDSON'S BAY HOUSE,

London, July 17th, 1866.

Sir FREDERIC ROGERS, Bart.

Sir,

I have the honor to enclose for the information of

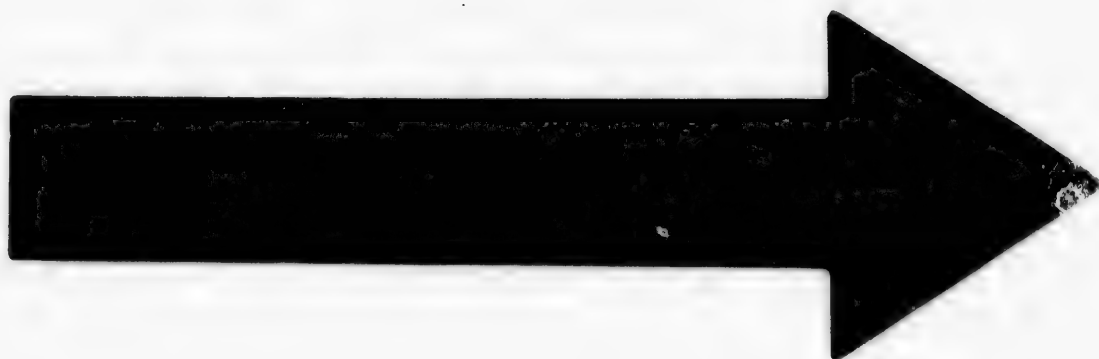
the Right Honorable the Secretary of State a copy of a Pamphlet, which I received on the 12th instant.

This Pamphlet purports to be a report, addressed to the Secretary of the Treasury of the United States, and contains certain statements to which the Committee of the Hudson's Bay Company desire to call the special attention of the Earl of Carnarvon.

At page 26 the following passage occurs :—

“Twenty years later, in 1865, the American Territory of Montana adjoins the region which excited the enthusiasm of De Smet. Its population of 25,000, to be increased during 1866 to 50,000, have been drawn to the sources of the Missouri by discoveries of gold and silver mines close to the international border, and rumours of gulches and ledges in the Saskatchewan district, yielding even greater prizes to the prospector, are already rife, and will soon precipitate ‘a strong, active and enterprising people’ into ‘the spacious void.’ What is called the Americanization of the Red River Settlement has been slow, although sure, since the era of steam navigation, but this Americanization of the Saskatchewan will rush suddenly and soon from the camps of treasure-seekers in Montana.”

You, Sir, are aware of the correspondence which during the last three years has passed between myself as Governor of this Company and the Colonial Office, on the subject of establishing in the Hudson's Bay Territory some Government administered in the name of Her Majesty. You know also that Mr. Cardwell decided to offer to Canada an option of acquiring the rights of this Company, and that, so far back



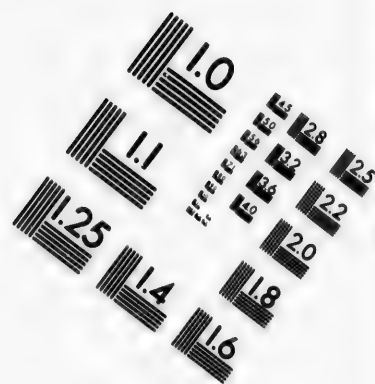
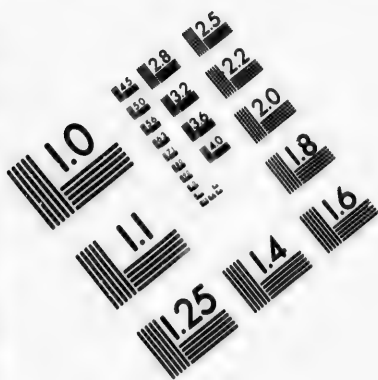
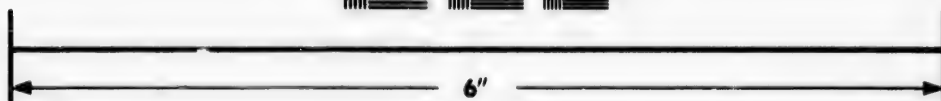
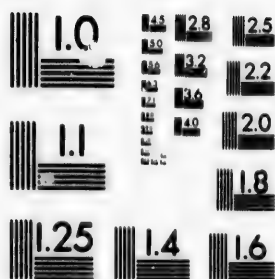


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as the 1st of March last, I ventured respectfully to ask the question (which has not yet been answered) how long this option was to remain open.

In a letter addressed to me by Mr. Forster, and dated the 20th of February last, we were told—

“Having regard to the reference you have made in your
 “letter to the probable concurrence of Her Majesty’s
 “Government in the establishment of some new Government,
 “Mr. Cardwell is desirous of reminding you that at the Con-
 “ference, which took place during last summer between the
 “Canadian Ministers and certain Members of Her Majesty’s
 “Government, the Provincial Ministers expressed their
 “desire that the North-Western Territory should be made
 “over to Canada, and they undertook to negotiate with the
 “Hudson’s Bay Company for the termination of their rights,
 “on condition that the indemnity, if any, should be paid by
 “a loan to be raised by Canada under the Imperial guaran-
 “tee. To this proposal Her Majesty’s Ministers assented,
 “engaging that if the negotiation should be successful, they
 “on the part of the Crown, being satisfied that the amount
 “of the indemnity was reasonable, and the security sufficient,
 “would apply to the Imperial Parliament to sanction the
 “arrangement and guarantee the amount.

“Until this arrangement shall have been disposed of, it
 “will be necessary for Her Majesty’s Government to keep
 “it in view in any steps which they may be called upon to
 “take in the matter.”

Under these circumstances it is clear that the Company, thus cautioned, can take no steps of themselves to meet any inroad or immigration into their Territory, if it be on their

Territory that it will first take place—a point to which I shall afterwards revert.

Indeed, the powers of the Charter were probably not given to be used for any such purpose, but, if they were sufficient for such emergency, our hands are at the present moment tied by Mr. Forster's letter.

We think, therefore, that we are the more bound, most respectfully to suggest whether, if it is intended to retain the Territory north of the 49th parallel as British soil, some steps ought not to be taken for asserting its British character and maintaining laws and order within it.

This may no doubt either be effected by the direct action of the English Government, or be attempted by the agency of Canada, but as, we understand, the latter course to have been deliberately selected, the Committee (provided this Company are fairly dealt with in the matter of compensation) can have no right to offer any remarks on the subject.

In the face, however, of the confident predictions and statements contained in this Report to the Secretary of the United States Treasury, we should not be justified, if we failed to point out the necessity of speedy action of some kind.

With regard to the particular strip of country where the first overflow of settlers or miners may be expected from the United States Territory of Montana, I think it probable that the Hudson's Bay Company have no immediate interest or responsibility connected with it. So far as I can judge from the imperfect maps accessible to us, I believe that on the north of Montana there is a narrow belt running along the

49th parallel, watered by streams which fall not into Hudson's Bay, but into Milk River, a tributary of the Upper Missouri. If this be so, this strip of land, though British ground as being north of the 49th parallel, is not included in the grant made by the Charter of Charles II. to the Hudson's Bay Company.

I have the honor to be,

Sir,

Your most obedient servant,

EDMUND HEAD.

DOWNING STREET,

31st July, 1866.

The Right Honorable

Sir EDMUND HEAD, Bart.

Sir,

I am directed by the Earl of Carnarvon to transmit to you, for the information of the Committee of the Hudson's Bay Company, the copy of a Minute drawn up by the Executive Council of Canada, on the subjects referred to in your letters of the 6th February and 1st March.

I am, Sir,

Your most obedient Servant,

FREDERIC ROGERS.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor-General in Council, on the 22nd day of June, 1866.

The Committee of the Executive Council have given their

careful consideration to the despatches of the Secretary of State for the Colonies, bearing date the 24th February and 3rd March last, relative to a proposal made to the Hudson's Bay Company by a party of Anglo-American capitalists for the purchase "of such portion of the Territory claimed by "the Company as may be capable of cultivation," and they have the honour to submit to your Excellency the following remarks on the subject.

In the first place the Committee do not admit that the Company have a legal title to that portion of the North-Western Territory which is fit for cultivation and settlement.

This fertile tract is a belt of land stretching along the northern frontier of the United States to the base of the Rocky Mountains, and Canada has always disputed the title of the Company to it.

Even if it be admitted that the Charter of 1670, recognised as it has been by several Imperial Statutes, gives to the Company a freehold right in the soil in Rupert's Land, Canada contends that the cultivable tract in question forms no part of that land.

It is not now necessary to repeat the grounds on which this opinion was founded, as they have been already more than once submitted to her Majesty's Government, and it is only alluded to lest silence on the subject might be assumed as an acquiescence on the part of Canada in the right of the Company to sell; assuming, however, that such right exists, the Committee see grave objections to the propositions of Mr. McEwen being entertained.

Canadian experience has shewn that sales of large tracts of land to individuals, or commercial corporations, have operated prejudicially to the best interests of the province and retarded, rather than promoted, its settlement and progress.

Companies or individuals, purchasing for the purpose of speculation, are governed solely by the one view of obtaining a profitable return of the money invested in the purchase. All other considerations are set aside. No general or comprehensive system of settlement is or can be established. The best tracts are withheld from settlement in order that their value may be increased by the improvement of the surrounding country and by the labour of the settlers, and the price paid to the Company for the lands, instead of being expended in the opening up of roads and in developing the resources of the country, is divided among a number of non-resident shareholders, having no interest in the prosperity of the country further than as such prosperity contributes to the value of their shares.

In the correspondence, which took place in 1863 and 1864 between the Hudson's Bay Company and the Colonial Office, with reference to the introduction of the direct authority of Her Majesty's Government in Rupert's Land, it appears that the Company proposed, as a condition of their assenting to the erection of a Crown Colony, that they should retain the ownership, in fee simple, of one half of the lands of the Colony.

This proposition was rejected by the Duke of Newcastle in language which appears to the Committee to be conclusive.

"In an unsettled colony there is no effectual mode of
 "taxation for purposes of government and improvement, and
 "the whole progress of the colony depends on the liberal and
 "prudent disposal of its land. These considerations afford
 "decisive reasons against leaving that land in the possession
 "of a Corporation. And I am to observe that these objec-
 "tions, conclusive in any case, are greatly enhanced in the
 "case of the Hudson's Bay Company, as I learn from your
 "letter that it has been the 'unvarying opinion' of the Com-
 "mittee, on whose behalf you speak, that the Company
 "would 'lose fully as much as they would gain by the in-
 "crease of settlement in the Chartered Territory.' It is
 "therefore (to say the least) a question whether the Company
 "would not be under a direct inducement to use their pro-
 "prietary rights to thwart the colonizing efforts of the
 "Government. * * * The conclusive objection to the
 "scheme is that it would reproduce, in a gigantic shape, the
 "inconveniences which, on a far smaller scale, were found
 "intolerable in Canada. It is evident, as a matter of reason-
 "ing, and notorious as a matter of fact, that the interposition
 "of large blocks of property between tracts or districts of
 "Crown land must obstruct the opening up of these districts,
 "unless it fortunately happens that the private proprietor is
 "ready to expend money *pari passu* with the Government,
 "in the construction of roads and other improvements, and to
 "conform his land policy to that of the authorities. It is
 "also clear that colonists of the Anglo-Saxon race look upon
 "the Land Revenue as legitimately belonging to the com-
 "munity, and that the diversion of half or more than half
 "of that Revenue to the purpose of increasing the dividends
 "of a private Corporation would cause a continual and
 "growing discontent, which could not be allayed by any

“abstract argument of right, and the full force of which the Government would be expected by the Company to sustain. His Grace cannot consent to make himself responsible for these consequences, and he is therefore obliged to treat as inadmissible any proposal for the proprietary partition of those Territories which may be placed under the Government of the Crown.”

If such objections exist to the tenure of large tracts of land by so ancient and responsible a Corporation as the Hudson's Bay Company with large powers of Government, and a political as well as a commercial status, with how much greater pressure must they weigh against the transfer of such tracts to a private Association of Speculators.

The Committee are further of opinion that, before any steps are taken to introduce a large body of settlers into that country, provision should be made for the efficient administration of the Government there.

So long as the Great North West is only occupied by the Hudson's Bay Company's servants and by the few scattered settlers at Fort Garry, the system of Government, now obtaining there, may work sufficiently well, but whenever a large population shall settle in the country, then it is to be feared that the Company's power will be altogether insufficient to preserve order and good government, and that its authority will be set at naught.

It is evident that the old policy of exclusion of strangers from the Territory must shortly be at an end.

The neighbouring Territories belonging to the United States are fast being settled up to the boundary line, and if

the statements, as to the existence of gold in the valley of the Saskatchewan, be at all verified, there will, ere long, be an influx of population, which no power that can be exerted by the Hudson's Bay Company can either resist or control. This population will mainly come from the United States, and although there may be a good many of Her Majesty's subjects among them, by far the greater portion will be aliens, ignorant and regardless of the laws of England, and perhaps hostile to the British Government. They will utterly disregard the authority of the Company, will endeavour to establish a Government and Tribunals of their own, and as similar bodies have done elsewhere on this Continent, assert their political independence.

Such a community would sever the British North American provinces in twain, and be the means of retarding, if not altogether preventing, the formation of a Railway connecting the Atlantic and Pacific Oceans.

The future interests of Canada and all British North America are, therefore, vitally concerned in the immediate establishment of a strong Government there, and in its settlement as a part of the British Colonial system.

Impressed with this conviction, Canada would ere this have opened negotiations with the Hudson's Bay Company for the extinction of their claims, had it not been for the prospect of her speedy absorption in the proposed union of the British North American Colonies. It would obviously have been improper for the Canadian Government to commence negotiations which they could not hope to complete, or to enter into engagements the fulfilment of which must fall on the whole Confederated Provinces. At the same

time the Committee beg leave to observe that, if the Company had thought proper to submit for consideration formal proposals for the transfer of their claims, the final settlement of the question would have been greatly advanced.

Recent events serve to shew that in a few months that union will be effected, and the Committee have no doubt that the Confederate Government and Legislature will feel it to be one of their first duties to open negotiations with the Hudson's Bay Company for the transfer of their claims to the Territory. Meanwhile Canada invites the aid of Her Majesty's Government in discountenancing and preventing any such sales of any portion of the Territory as is now applied for.

(Certified)

WM. H. LEE,
C. E. C.

HUDSON'S BAY HOUSE,
London, August 2nd, 1866.

Sir FREDERIC ROGERS, Bart.,
&c., &c., &c.

Colonial Office.

Sir,

I have the honor to acknowledge the receipt of your letter of the 31st ultimo, transmitting copy of a Minute drawn up by the Executive Council of Canada on the subjects referred to in my letters of the 6th February and 1st March, 1866,—and in reply I have to request that

you will convey to the Earl of Carnarvon my thanks and those of the Committee of the Hudson's Bay Company.

I have the honor to be, Sir,

Your most obedient Servant,

EDMUND HEAD.

HUDSON'S BAY HOUSE,

London, August 30th, 1866.

Sir FREDERIC ROGERS, Bart.

&c., &c., &c.

Sir,

In my letter of July 17th addressed to you, I observed that the Committee of the Hudson's Bay Company felt themselves bound again to suggest whether, if it is intended to retain the Territory north of the 49th parallel as British Territory, some steps ought not to be taken for asserting its British character and maintaining law and order within it.

The enclosed extract from recent despatches from the Acting-Governor of Rupert's Land, Mr. William Mactavish, unfortunately confirms the views already expressed. I ought to add that these inroads of the wilder tribes of Indians are to a great extent the result of a new state of things—that is to say, the partial but rapid settlement of new territories, south of the 49th parallel, and consequent interference with these savages on the part of the United States troops and settlers.

I have the honor to be,

Sir,

Your most obedient Servant,

EDMUND HEAD.

Extract of letter from GOVERNOR MACTAVISH to THOMAS FRASER, Esq., Secretary, dated Fort Garry, Red River, 31st July, 1866.

“ I regret to have to inform you that events both here and
 “ at Saskatchewan, of a most serious nature, have occurred.
 “ A band of Salteux from Red Lake having set upon and
 “ murdered four Sioux of a party who had visited this place,
 “ within sight of Fort Garry, and being American Indians
 “ the culprits at once withdrew within the American Lines.
 “ This created great excitement in the Settlement for some
 “ time, which has now very much died away, as nothing has
 “ been since heard from the Sioux, but will doubtless revive
 “ as soon as it is known that a party of them mean to come
 “ here. Some of the Indians belonging to the Settlement
 “ were spectators of the murder, and afterwards mutilated
 “ the bodies of the murdered. This has excited in the minds
 “ of the half-breeds a very strong feeling against the
 “ Indians of the Settlement, and together with a disposition
 “ on the part of the latter to be turbulent, may lead to future
 “ acts of violence. Indeed to this I attribute the death of
 “ an Indian whose abdomen was cut open by a half-breed
 “ within the walls of this fort a few days before my return.
 “ The Indian died of the wound and the half-breed is now
 “ in gaol awaiting his trial for murder at the August Quar-
 “ terly Court. No attempt has as yet been made to set him
 “ free, but many are of opinion that the attempt will yet be
 “ made, and in the circumstances in which the Government
 “ here is placed will, if made, probably be successful, as for
 “ some time past the Government may be said to have
 “ existed on sufferance.

“ At Fort Pitt on the Saskatchewan a band of about 200

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" Blackfeet came in on a trade in the early part of June,
 " and while they were trading a number of them forced the
 " inner gates and went into the men's houses, whence they
 " took the men's property which they wished, there being
 " only five men in the establishment at the time. The
 " Indians however did not then take any of the Company's
 " property; on their way off they unfortunately met a small
 " party of the Company's people returning from the plains
 " with meat for the establishment. The Indians fired at the
 " men, took eight horses and everything they wished from
 " the cart, but fortunately all the men made their escape to
 " Fort Pitt. Shortly afterwards Mr. Donald McDonald, a
 " clerk in the Company's service, was fired at and badly
 " wounded close to Carlton. When I last heard Mr.
 " McDonald was doing well, but he has had a very narrow
 " escape, as the ball fired at him ripped his side and passed
 " through the upper part of his arm. No cause is assigned
 " for these acts, but it is feared the Blackfeet have made up
 " their minds to be troublesome and are likely to commit
 " more acts of violence. Mr. Chastellain was to go to the
 " Blackfeet camp to demand the surrender of the horses and
 " property taken at Fort Pitt."

DOWNING STREET,

8th September, 1866.

The Right Honorable

Sir E. W. HEAD, Bart., &c., &c., &c.

Sir,

I am directed by the Earl of Carnarvon to acknowledge the receipt of your letter of the 30th ultimo, in which

you refer to your previous letter of the 17th July, and enclose extracts from recent despatches from the Acting Governor of Rupert's Land, reporting acts of violence and plunder on the part of the Indians on the Saskatchewan and Red River.

His Lordship desires me to inform you that copies of your letters have been sent to the Governor of Canada.

I have the honor to be, Sir,

Your most obedient servant,

T. FREDK. ELLIOT.

DOWNING STREET,

23rd January, 1867.

The Right Honorable

Sir E. HEAD, Bart., &c., &c., &c.

Sir,

At a recent interview between Sir Curtis Lampson and yourself on the one side, and Lord Carnarvon on the other, respecting the position of the Hudson's Bay Company, some doubt appeared to exist respecting the exact state of the inchoate or intended negotiation for the transfer of certain of the rights claimed by the Company to Her Majesty's Government or the Province of Canada.

With the view of explaining the present position of the Canadian Government, I am directed by Lord Carnarvon to enclose extracts from a Minute of the Executive Council of Canada, dated the 22nd of June, 1866, from which you will perceive that, while the question of Confederation is pending, the Canadian Government consider themselves incompetent to initiate negotiations, and bound to reserve them for the Confederate Government and Legislature.

It is of course for the Hudson's Bay Company to consider for themselves what course is most proper and conducive to their own interests. But it appears to Lord Carnarvon that any effective negotiation being for the moment impossible, it is for the interest of both parties that the question should remain open for arrangement, so soon as an authority exists capable of dealing with it, on the part of the Colony or Colonies interested. He would, therefore, regret to learn that the Company contemplated any immediate action, which was calculated to embarrass the negotiations, which would then become possible, and which, in the opinion of the Executive Council, it would be the duty of the Confederate Government to open.

I have the honor to be,

Sir,

Your most obedient servant,

T. FREDK. ELLIOT.

*Extracts from a Minute of the Executive Council of Canada,
dated the 22nd June, 1866.*

" Impressed with this conviction Canada would ere this
" have opened negotiations with the Hudson's Bay Com-
" pany for the extinction of their claims had it not been for
" the prospect of her speedy absorption in the proposed
" union of the British North American Colonies. It would
" obviously have been improper for the Canadian Govern-
" ment to commence negotiations which they could not hope
" to complete, or to enter into engagements the fulfilment
" of which must fall on the whole Confederated Provinces."

* * * * *

“ Recent events serve to show that in a few months that
 “ union will be effected, and the Committee have no doubt
 “ that the Confederate Government and Legislature will feel
 “ it to be one of their first duties to open negotiations with
 “ the Hudson’s Bay Company for the transfer of their claims
 “ to the territory.”

DOWNING STREET,
 15th April, 1867.

The Right Honorable

Sir EDMUND HEAD, Bart,

Sir,

With reference to the letter from this department, dated the 31st of July last, transmitting to you a copy of a Minute by the Executive Council of Canada dated the 22nd of June, upon certain questions pending with the Hudson’s Bay Company, I am directed by the Duke of Buckingham and Chandos to acquaint you, for the information of the Committee of the Hudson’s Bay Company, that His Grace has received a communication from the Delegates from British North America forwarding copies of Resolutions adopted by them on the 3rd inst., including one, of which a copy is enclosed, upon the subject of the Minute above referred to.

I am,

Sir,

Your most obedient servant,

T. FREDERICK ELLIOT.

*Extract from Resolutions adopted at a Meeting of the Delegates
from British North America, held at the Westminster
Palace Hotel, London, on the 3rd day of April, 1867.*

“RESOLVED—That this Conference, having had communication of an Order in Council of the Canadian Government bearing date the 22nd June, A.D. 1866, on the subject of the claims of the Hudson’s Bay Company, and a proposition of certain parties to purchase ‘such portions’ of the North West Territory ‘as may be capable of cultivation’ are of opinion that the views expressed by the Canadian Government on both points are well founded, and will be confirmed by the Parliament of Canada.”

HUDSON’S BAY HOUSE,
London, April 16th, 1867.

T. FREDERICK ELLIOT, Esq., &c., &c.
Colonial Office.

Sir,

I have the honor to acknowledge the receipt of your letter of the 15th inst., transmitting a copy of a Resolution adopted at a Meeting of the Delegates from British North America, held at the Westminster Palace Hotel, London, on the 3rd inst., and in reply I have to request that you will convey to His Grace the Duke of Buckingham and Chandos my thanks and those of the Committee of the Hudson’s Bay Company.

I have the honor to be, Sir,

Your most obedient Servant,

EDMUND HEAD.

Governor.

DOWNING STREET,
20th April, 1867.

The Right Honorable

Sir EDMUND HEAD, Bart., &c., &c.

Sir,

The United States' Minister at this Court having expressed to the Secretary of State for Foreign Affairs the wish of his Government, that an arrangement should be made by which the United States' troops should be allowed to cross the British North American boundary in pursuit of Indians, I am directed by the Duke of Buckingham and Chandos to transmit to you a copy of a despatch on the subject, which Lord Stanley has addressed to Her Majesty's Minister at Washington.

Before communicating with the Foreign Office on this question, his Grace is desirous of being in possession of any information which the Hudson's Bay Company can afford, as to any provision made by them for preventing the Territory which they occupy from becoming a place of refuge to Indians, who may have committed outrages in the Territories of the United States.

I am to request the favor of an early reply to this letter.

I am, Sir,

Your most obedient Servant,

T. FREDERICK ELLIOT.

FOREIGN OFFICE,
13th April, 1867.

The Honorable

Sir F. WRIGHT BRUCE, G.C.B.

Sir,

Mr. Adams called on me this morning and made the following communication on the part of His Government.

According to reports received from Dakotah, the emigrant road which runs from Red River and for 500 miles to the westward, in a direction parallel to and within a distance of 100 miles from the boundary between the United States and British North America, is infested by Indians hostile to all white men, who commit every kind of depredation and atrocity, and retreat when pursued to the north of the boundary, where they take refuge in British territory.

Mr. Seward is anxious to know whether any arrangement can be made, by which the United States' troops shall be permitted to follow these savages to a reasonable distance over the boundary.

Mr. Seward does not attempt to claim such permission as of right, and he adds that the United States' Government are quite willing that any concession that may be made on our part shall be subject to any reasonable safeguard, and to any limitation as to time, which it may be thought necessary to impose.

Mr. Adams was further instructed to assure me, that, if Her Majesty's Government found themselves com-

pelled to decline this proposal, the Government of the United States would be ready to consider any other plan I might have to suggest for the object which they had in view.

I told Mr. Adams that the subject should be considered, but that I must reserve my reply until I had consulted with the Colonial Department.

I have the honor to be Sir,
Your most obedient Servant,
STANLEY.

HUDSON'S BAY HOUSE,
London, 24th April, 1867.

To FREDERICK ELLIOT, Esq., &c., &c.
Colonial Office.

Sir,

I have the honor to acknowledge your letter of April 20th with its enclosures.

In reply I have to state for the information of his grace the Duke of Buckingham and Chandos, that no provision exists which can prevent the Hudson's Bay Territory from becoming a place of refuge for Indians, who may have committed outrages in the territory of the United States.

In conveying this information it is necessary to call his Grace's attention to some portions of the previous correspondence which has passed between myself and

the Colonial Office in the course of the last three or four years.

The possible occurrence of this very difficulty was one of the reasons which caused the Governor and Committee, on the 28th of August, 1863, to pass the following resolution, which was communicated to Sir Frederic Rogers on the same day.

Sir Edmund
Head to Sir
Frederic
Rogers.
28th August,
1863.

Copy Resolution.

“Resolved.—That the time has come when, in the opinion of this Committee, it is expedient that the authority executive and judicial over the Red River Settlement and the South-Western portion of Rupert’s Land, should be vested in officers deriving such authority directly from the Crown and exercising it in the name of Her Majesty.”

“That the Governor be empowered to communicate this Resolution to his Grace the Duke of Newcastle, and to discuss the subject with him or with the Under-Secretary of State for the Colonies, reporting from time to time to this Committee thereon.”

In 1864 an actual case arose, for large parties of Sioux were driven across the frontier, and the British inhabitants of the Red River Settlement solicited Governor Dallas to call in the troops of the United States. In my first letter conveying this information I made the following remarks :

Sir Edmund
Head to Sir
Frederic
Rogers.
February 5th,
1864.

“I may be permitted to observe that this difficulty with the Sioux has not come upon the Company

“in consequence of any of their trading operations.
 “These Indians are driven back upon us by the Amer-
 “ican troops, and in the absence of the Queen’s name
 “and direct authority, it will be very difficult to pre-
 “vent the mixed population of Red River from looking
 “to the Americans for protection in case of need.

Enclosure in
 letter from Sir
 E. Head to Sir
 Frederic
 Rogers.
 February 27.

“I am of opinion that Governor Dallas has acted
 “with great propriety and judgment, and I trust from
 “the extract of the last letter from Mr. Mactavish that
 “the pressure for the moment has passed away.

“But the fact that the Queen’s subjects look for
 “protection to the United States is one of grave im-
 “portance with reference to the nationality of the
 “Settlement and Territory. Moreover it appears from
 “previous correspondence that our officers have been
 “compelled to communicate with the General com-
 “manding the American troops on that frontier, in a
 “manner which is hardly consistent with the character
 “of representatives of a commercial Company, holding
 “no direct authority from the Crown. It is obvious
 “that the constant proximity of the United States’
 “troops and the contact with a civilized people has
 “produced a state of things wholly inconsistent with
 “the original power and position of the Company.”

Sir Edmund
 Head to Mr.
 Chichester
 Fortescue.
 April 28th,
 1864.

On the 28th of April I informed the Secretary of
 State that Governor Dallas had felt himself compelled
 to allow the American troops to cross the frontier,
 and I forwarded a copy of the correspondence, which
 had passed between that officer of the Company and
 Major Hatch, who commanded the troops of the United
 States.

I had already, in a letter of February 27th, communicated, for the information of his Grace the Duke of Newcastle, the instructions forwarded by the Secretary of the Company to Mr. Dallas, which was approved of by the Secretary of State in a letter from Mr. Elliot to myself.

Sir Edmund
Head to Sir
Frederic
Rogers.
Feby. 27th.

In fact however from a subsequent despatch of Mr. Dallas's, dated May 10th, it appears that the United States' troops never actually crossed the frontier. Mr. Dallas says :—

Mr. Elliot to
Sir Edmund
Head.
March 24th.

“The American troops have now retired to Abercrombie, having never attempted to follow the Sioux across the line. At the time of granting the request of Major Hatch, I had a strong suspicion that he overstepped what I knew his instructions to be, in the expectation of meeting with a refusal, and being able to get up a grievance. We have been continually assailed and reproached by the American press for harbouring and comforting the Sioux, and I am certain that had I refused Major Hatch's request, the whole blame of the non-success of his force would have been thrown upon us.”

Enclosure 5,
with letter of
Sir Edmund
Head to Mr.
Chichester
Fortescue.
June 23rd.

In two letters, dated April 28th and June 23rd, 1864, I enclosed a copy of correspondence relating to a demand made by Major Hatch for extradition of a person guilty of theft, and other papers connected therewith. In the latter of these letters I said :

Sir Edmund
Head to Mr.
Chichester
Fortescue.
April 28th,
1864.

“The Committee of the Hudson's Bay Company are not aware that they possess any power to give instructions to their officers in the matter of the

Sir Edmund
Head to Mr.
Chichester
Fortescue.
June 23rd,
1864.

"extradition of persons, charged with offences by the
 "American authorities. They will be glad therefore to
 "receive the directions of the Secretary of State in this
 "matter, as the subject presents peculiar difficulties
 "where there is no officer representing the British
 "Crown.

"The Committee are ready to take any steps properly
 "within their competence, but they are anxious not to
 "overstep in any way the powers which they lawfully
 "possess."

Sir Frederic
 Rogers to Sir
 Edmund
 Head.
 Aug. 5th, 1864.

To the question thus asked or implied, the only
 answer received is the letter of August 5th, 1864, in
 which Governor Dallas's view of the special case in
 question was approved and the opinion of the Law
 Officers that the Extradition Treaty was applicable to
 the Hudson's Bay Territory was conveyed to us. No
 instructions, however, have been given as to the com-
 petence of the Company's Officers to carry out its
 provisions, without a commission from the Crown.

To this question I would beg leave to solicit the
 attention of His Grace the Secretary of State.

The Charter evidently intended to limit the compe-
 tence of the Company in all matters relating to "peace
 and war" to dealings with nations "not Christian,"
 and as the case of Indians pursued by the troops of
 officers of a civilized people, it is difficult to see how
 the necessary negotiations can be carried on without
 the direct authority of Her Majesty.

There is another consideration of some importance
 connected with the subject of this letter. I allude to

the fact spoken of in the following extract from a letter of mine to Sir Frederic Rogers :—

“ With regard to the particular strip of country where the first overflow of settlers or miners may be expected from the United States Territory of Montana, I think it probable that the Hudson’s Bay Company have no immediate interest or responsibility connected with it. So far as I can judge from the imperfect maps accessible to us, I believe that on the north of Montana, there is a narrow belt running along the 49th parallel, watered by streams which fall not into Hudson’s Bay, but into Milk River, a tributary of the Upper Missouri. If this be so, this strip of land, though British ground as being north of the 49th parallel, is not included in the Grant made by the Charter of Charles II. to the Hudson’s Bay Company.”

Sir Edmund
Head to Sir
Frederic
Rogers.
July 17th,
1866.

I have instructed Mr. Arrowsmith to prepare from the latest authorities a sketch of the Frontier line between Pembina and the Rocky Mountains shewing the course of the streams. If I obtain this, I shall be happy to lay a tracing of it before the Secretary of State. I believe myself that the strip of land in question does not begin until the Territory of Dakotah is passed, but, in the absence of any survey, it is impossible to make any positive assertion on the subject.

I have the honor to be, Sir,

Your most obedient Servant,

EDMUND HEAD,

Governor.

HUDSON'S BAY HOUSE,
London, June 21st, 1867.

T. F. ELLIOT, Esq.

Sir,

With reference to my letter of April 24th, I have now the honor of forwarding a copy of a map prepared by Mr. Arrowsmith, which shows the boundary between the United States and the Hudson's Bay Territory from Rainy Lake to the Rocky Mountains—so far as it is at present known.

This map shews where the three Territories of Idaho, Montana, and Dakotah infringe on our frontier.

His Grace the Duke of Buckingham will observe a tract shaded red, beginning immediately to the west of the Rocky Mountains. This is supposed to be the ground, not included in the terms of the Company's Charter, inasmuch as the streams flow southward. How far it extends to the eastward we do not know, but if the line of high land marked as the "Grand Coteau du Missouri" is correctly laid down, it appears probable that it will reach to the 105" or 104" meridian of longitude.

It is extremely probable that the Indians, in the course of the war with the United States, will be driven in the first instance into this tract of country, over which (if the Hudson's Bay Company are not entitled to it) there exists no government or authority of any kind.

The map, which I now forward, may be retained at present for reference at the Colonial Office, if it is likely to be of the slightest use.

I have the honor to be, Sir,
Your most obedient Servant,
EDMUND HEAD,
Governor.

DOWNING STREET,
2nd July, 1867.

The Right Honorable
Sir EDMUND HEAD, Bart., &c., &c.
Sir,

I am directed by the Duke of Ruckingham and Chandos to state that he has received your letter of the 22nd ult., accompanied by a copy of a map prepared by Mr. Arrowsmith, showing the boundary, so far as at present known, between the United States and the Hudson's Bay Territory, from Rainy Lake to the Rocky Mountains.

I am desired to express his Grace's acknowledgments for this communication. The map will be retained for the present in this Office, as you are good enough to offer, and if hereafter it should be required at the offices of the Hudson's Bay Company, his Grace would propose, if there should be no objection, to take a copy.

I am, Sir,
Your most obedient Servant,
FREDERIC ROGERS.

HUDSON'S BAY HOUSE,
London, July 12th, 1867.

T. FREDERICK ELLIOTT, Esq., &c., &c.,
Colonial Office.

Sir,

I am directed by the Governor and Committee of the Hudson's Bay Company to transmit to you for the information of his Grace the Duke of Buckingham and Chandos, the accompanying extract of a private letter, addressed to me by Governor Mactavish, dated Fort Garry, May 29th, 1867, on the subject of mining operations in the Saskatchewan district.

I have the honor to be, Sir,
Your most obedient Servant,
WM. G. SMITH,
Secretary.

*Extract of private letter from GOVERNOR MACTAVISH to
W. G. SMITH, Esq., Secretary, Hudson's Bay
Company, dated Fort Garry, 29th May, 1867.*

"It appears there are a great many miners prospecting in Saskatchewan this summer, and a strong feeling of confidence exists that a strike will be made; if so the whole of the district will be crowded with miners, as it appears in a few days they can get to Jaspers from the Big Bend of the Columbia, where the miners are very numerous, then from the Missouris, crowds may be expected; it all however depends upon

“gold being found, but a very slight success will suffice.
 “Mr. Christie tells me that one miner showed him
 “privately about £50 worth of gold, he had got in a
 “day or two, working near Rocky Mountain House,
 “but he could not remain at work for want of pro-
 “visions.”

DOWNING STREET,
 23rd August, 1867.

W. G. SMITH, Esq.

Sir,

I am directed by the Duke of Buckingham and Chandos to acknowledge your letter of the 12th ultimo, with its enclosure, on the subject of mining operations in the Saskatchewan district.

I am desired to thank the Governor and Committee of the Hudson's Bay Company for this communication.

I am also desired to state that the Duke of Buckingham and Chandos would be glad to be informed in what manner the Company are prepared to deal with the influx of population which is to be expected, if the difficulty of supplying provisions should be overcome.

I am, Sir,

Your most obedient Servant,

T. FREDERICK ELLIOT.

HUDSON'S BAY HOUSE,
London, October 8th, 1867.

T. FREDERICK ELLIOT, Esq., &c., &c.
Colonial Office.

Sir,

I have the honor to acknowledge your letter of the 23rd August, addressed to the Secretary of the Hudson's Bay Company on the subject of mining operations in the Saskatchewan district.

You state that the Duke of Buckingham and Chandos would be glad to be informed, in what manner the Company are prepared to deal with the influx of population which is expected, if the difficulty of supplying provisions should be overcome.

I have delayed answering this question until the Committee of the Hudson's Bay Company again meet, after the usual recess in August and September.

Letters of
June 27, 1865.
Jan. 23, 1867.
April 15, 1867.

I now beg to state that the correspondence with the Colonial Office in the two years last past, appears to the Committee to imply a desire, on the part of Her Majesty's Government, to transfer the Company's Territory to Canada, by some negotiation not yet commenced.

The position of the Company is therefore entirely provisional in its character, and under such circumstances, the Committee are not prepared to take the responsibility of any steps to meet the contingency referred to in your letter.

I have the honor to be, Sir,

Your most obedient Servant,

EDMUND HEAD,
Governor.

HUDSON'S BAY HOUSE,
London, 15th January, 1868.

His Grace

The DUKE OF BUCKINGHAM AND CHANDOS.

My Lord Duke,

In addressing this letter to your Grace on behalf of the Committee of the Hudson's Bay Company, I think that some apology is necessary for anticipating the official communication from the Colonial Office of the Resolutions passed in the Parliament of Canada as well as the Address to be founded upon them, but as from the tone of the Debate in the Canadian Parliament, and from the terms of the Resolutions passed there, it is manifestly the object of that Parliament to have the power to establish in the dominion of Canada, including the territory of Rupert's Land, Courts which shall have jurisdiction in all matters arising in any part of British North America, and thus to give power to the tribunals, so constituted, to determine upon the rights claimed by this Company under their Charter—a course of proceeding which this Committee consider to be so injurious to the interests of the Hudson's Bay Company, they are desirous to bring the matter before your Grace, and to submit their views upon the subject to Her Majesty's Government, before any assent is given or determination come to, in reference to Her Majesty's approval of the proposed admission of Rupert's Land into the Union of British North America.

I beg to remind your Grace that the rights of this Company under their Charter have at various times

been brought under the consideration of the Government, and that the result of those discussions has been a clear and distinct recognition on the part of the Crown, that the general validity of the Charter cannot now be called in question, and in particular that the Territorial Ownership of the lands granted by the Charter, and the rights necessarily incidental thereto, must now be considered as valid.

It is true that questions have from time to time been raised in Canada as to the extent of the Territory claimed by this Company under their Charter, and in some respects as to other rights which the Charter confers; but while Her Majesty's Government have at all times declined to be any party to proceedings on the subject, the opportunity has always been afforded to the authorities of Canada to bring any questions for adjudication before Her Majesty in Council, a course to which this Company have always been prepared to accede, and which appears to be the only legitimate mode of deciding their rights, if they are to be called in question.

The Canadians have altogether abstained from availing themselves of the opportunity thus afforded them, but it is now obviously the object of the Canadian Legislature to secure to tribunals of their own nomination the decision of those rights.

I may here state that, so far as the mere political powers granted by the Charter are concerned, such as the rights of government, taxation or exclusive administration of justice, the Company have long since ex-

pressed their willingness that these powers should be vested in officers deriving their authority directly from the Crown, but before any such power can with justice be transferred to the Colonial Government, I submit that the extent of the Territorial rights of the Company should either be fully recognised, or that if the Canadian Government are desirous of procuring those rights for the benefit of Canada in general, they should in the first instance arrange with the Hudson's Bay Company the terms upon which they should be so acquired.

But should the Canadian Legislature still desire that any judicial investigation into the Territorial rights of the Company should take place, such inquiry should be referred to the Judicial Committee of the Privy Council in accordance with the opinion of the Law Officers of the Crown given so long ago as July, 1857, as the only Tribunal to which ought to be delegated the construction of a Charter emanating from the Sovereign of Great Britain.

This opinion your Grace will find at p. 404 of the Report from the Select Committee on the Hudson's Bay Company, ordered by the House of Commons to be printed, the 31st July and 11th August, 1857.

I have the honor to be,

My Lord Duke,

Your Grace's most obedient humble servant,

EDMUND HEAD,
Governor.

DOWNING STREET,

18th January, 1868.

The Right Honorable

Sir E. HEAD, Bart., K.C.B.

Sir,

I am directed by the Duke of Buckingham and Chandos to acknowledge the receipt of your letter of the 15th inst., relative to the proceedings of the Canadian Parliament on the subject of the Hudson's Bay Company. I am desired to state that the subject of this letter will not fail to receive the careful consideration of Her Majesty's Government.

I am, Sir,

Your most obedient servant,

T. FREDK. ELLIOT.

DOWNING STREET,

18th January, 1868.

The Right Honorable

Sir E. HEAD, Bart., K.C.B.

Sir,

I am directed by the Duke of Buckingham and Chandos to transmit to you for the information of the Committee of the Hudson's Bay Company, a copy of a despatch which has been received from the Governor General of Canada, accompanied by a copy of the Address to Her Majesty from the Senate and Commons of Canada, praying that steps may be taken for uniting Rupert's Land and the North-West Territory with the Dominion of Canada.

I am, Sir,

Your most obedient servant,

T. FREDK. ELLIOT.

LORD MONCK *to the* DUKE OF BUCKINGHAM.

OTTAWA,

December 21st, 1867.

His Grace

The DUKE OF BUCKINGHAM AND CHANDOS.

My Lord Duke,

I have the honour to transmit a joint Address to Her Majesty the Queen from the Senate and House of Commons of the Dominion of Canada, praying that Her Majesty will be graciously pleased to direct that an Order in Council may be passed in conformity with the provisions of the 146th Section of the British North America Act, 1867, for annexing to the Dominion of Canada, the Territory of Rupert's Land, and the Red River Settlement.

I have the honor to request that your Grace will lay this Address at the foot of the Throne.

I have the honour to be, Sir,

Your most obedient servant,

MONCK.

TO THE QUEEN'S MOST EXCELLENT
MAJESTY.

Most Gracious Majesty,

We, your Majesty's most dutiful and loyal subjects, the Senate and Commons of the dominion of Canada, in Parliament assembled, humbly approach your Majesty for the purpose of representing :

That it would promote the prosperity of the Canadian people, and conduce to the advantage of the whole Empire, if the dominion of Canada, constituted under the provisions of the British North America Act of 1867, were extended westward to the shores of the Pacific Ocean.

That the Colonization of the fertile lands of the Saskatchewan, the Assiniboine and the Red River districts, the development of the mineral wealth, which abounds in the regions of the North West, and the extension of Commercial intercourse through the British possessions in America, from the Atlantic to the Pacific, are alike dependent upon the establishment of a stable Government, for the maintenance of law and order in the North-Western Territories.

That the welfare of a sparse and widely scattered population of British subjects of European origin, already inhabiting these remote and unorganized Territories, would be mutually enhanced by the formation therein of political institutions bearing analogy, as far as circumstances will admit, to those which exist in the several provinces of this dominion.

That the 146th section of the British North America Act of 1867 provides for the admission of Rupert's Land and the North Western Territory, or either of them, into union with Canada, upon the terms and conditions to be expressed in Addresses from the Houses of Parliament of this Dominion to your Majesty, and which shall be approved of by your Majesty in Council.

That we do therefore most humbly pray that your Majesty will be graciously pleased, by and with the advice of your Most Honorable Privy Council, to unite Rupert's Land and the North Western Territory with this Dominion, and to grant to the Parliament of Canada authority to legislate for their future welfare and good Government; and we most humbly beg to express to your Majesty that we are willing to assume the duties and obligations of Government and Legislation as regards those Territories.

That, in the event of your Majesty's Government agreeing to transfer to Canada the jurisdiction and control over the said region, the Government and Parliament of Canada will be ready to provide that the legal rights of any Corporation, Company or individual within the same shall be respected and placed under the protection of Courts of competent jurisdiction.

And furthermore that, upon the transference of the Territories in question to the Canadian Government, the claims of the Indian Tribes to compensation for lands required for purposes of settlement, will be considered and settled in conformity with the equitable principles which have uniformly governed the British Crown in its dealings with the Aborigines.

All which we humbly pray your Majesty to take into your Majesty's most gracious and favourable consideration.

THE SENATE,	}	JOSEPH CAUCHON,
Tuesday, 17th December, 1867.		Speaker.

HOUSE OF COMMONS,	}	JAMES COCKBURN,
Monday, 16th December, 1867.		Speaker.

HUDSON'S BAY HOUSE,
London, January 25th, 1868.

His Grace

THE DUKE OF BUCKINGHAM AND CHANDOS.
Colonial Office.

My Lord Duke,

I have the honor to acknowledge Mr. Elliot's letter of the 18th instant, enclosing a copy of address to the Queen, forwarded by the Governor-General of Canada, and to thank your Grace for communicating these papers to the Hudson's Bay Company.

On this address I beg to request your Grace's attention to the following observations on behalf of myself, as Governor, and the Committee of the Company.

1. It seems necessary, in the first place, to distinguish the two classes of rights conferred on the Company by the Charter. Some of these are, no doubt, of a public or political character, such as belong to a proprietary Government, but others are practically of a private nature such as might have been vested in any individual subject, or any private Corporation clothed with no public functions of any kind. Of these latter, it is only necessary at present to refer to the right of private property in the soil and in the mines and minerals.

Report of 1857
Appendix,
p. 404, para-
graph 2.

2. It may be that the public or political rights of the Company are in the Charter ill defined, and of doubtful expediency at any time. It may be too, as the Law Officers, in their letter of 1857, appear to hint, that for any effectual exercise they require the

aid of the right of private property as vested in the Company by the same instrument.

3. The Committee need scarcely remind your Grace, that, so far from opposing a resumption by the Crown of the political powers of the Company, almost the first important step taken by them in 1863 was the adoption of the following resolution :—

“ Resolved that the time has come when, in the
 “ opinion of this Committee, it is expedient that the
 “ authority, executive and judicial, over the Red River
 “ Settlement and the South-Western portion of Rupert’s
 “ Land, should be vested in officers deriving such
 “ authority directly from the Crown and exercising it
 “ in the name of Her Majesty.

Sir E. Head to
 Sir F. Rogers.
 Aug. 23, 1863.

“ That the Governor be empowered to communicate
 “ this Resolution to his Grace the Duke of Newcastle,
 “ and to discuss the subject with him or with the
 “ Under-Secretary of State for the Colonies, reporting
 “ from time to time to this Committee thereon.”

4. In the correspondence which ensued with the Colonial Office, it appears to be implied, on the part of His Grace the Duke of Newcastle, that the fact of the right of private property in the soil, being no longer possessed by the Crown, was one of the chief obstacles to a compliance with the suggestion made in the above Resolution.

Mr. C. For-
 tescue to Sir
 E. Head.
 Mar. 11, 1864.

If this be so, the very fact of making this objection involves an admission in favor of the Company. Most assuredly, if the Crown had alienated its right of

property in the soil and minerals of the Hudson's Bay Territory, it had granted it to no other party than the Hudson's Bay Company, and by no instrument other than the Charter of Charles II.

5. In Mr. Fortescue's letter of March 11, 1864, an offer of a contingent money payment, as the consideration for the cession of the Territorial Rights of the Company was distinctly made by the Secretary of State. The proviso inserted in the postscript to that letter will be adverted to afterwards, and had reference only to the supposed rights of Canada.

6. It is unnecessary for the Committee to refer to the undisputed enjoyment of these rights, at any rate since the time of the Treaty of Utrecht.

7. In addition to all this it remains to quote the express words of the Law Officers in their letter of 1857, already referred to.—They say,

Letter of the
Law Officers
to Mr.
Merivale.
Appendix to
Report, 1857,
p. 404, last
paragraph.

“In our opinion the Crown could not now, with justice, raise the question of the general validity of the Charter; but that on every legal principle the Company's territorial ownership of the lands granted, and the rights necessarily incidental thereto—ought to be deemed to be valid.”

Moreover in a passage alluded to above, the Law Officers imply indirectly their belief in the validity in this right of private property, when they say that “rights of government, taxation, exclusive administration of justice, or exclusive trade, *otherwise than as a consequence of the right of ownership of the land,*” “could not legally be insisted on by the Company,”

What other opinions of the Law Officers of the Crown may be found in the records of the Colonial Office it is not for us to say, but the evidence given by the Right Honourable Edward Ellice, M.P., before the Committee of 1857, as to the opinions taken by him, both for and against the Company, is well worth referring to.

Answers to
Questions,
5823.

8. One other point is a mere technicality no doubt, but it may be worth observing that the title of the Company to their land is an *English* title since it is granted "to be holden as of the Manor of East Greenwich in our county of Kent in free and common soccage."

9. The Committee do not intend to impute to the Parliament or the Ministry of Canada any deliberate intention of violating such rights of the Hudson's Bay Company as they admit to exist, but it must be remembered that a theory has been started and is referred to in the debate on this address, by which the admissions of the English Government and the opinion of the English Law Officers, as to the right of ownership in the soil, are directly negatived. It has been supposed, we believe, that France was in possession of these territories, or a large portion of them, when the Charter was granted; that they were therefore within the exception which that Charter contains, with regard to territories belonging to any "other Christian prince;" and that this French title remained good and was transferred to the English Crown with Canada, at the final cession of that province by France.

Mr.
Fortescue to
Sir E. Head.
Mar. 11, 1864,
and letter,
April 5, 1864.

10. This is not the place for entering on a discussion of the facts and law involved in this argument,—an argument, as we have said, inconsistent with the continued recognition of the Company's rights, in various ways, by the English Government and their legal advisers for a long series of years; but if this objection to the Company's title shall be presented in a tangible form before a proper tribunal, the Hudson's Bay Company will be quite ready to meet it and demonstrate its futility.

11. The very existence, however, of such a theory in the minds of the Canadian Ministers or the Canadian people is a sufficient reason why, in justice to the Company, it should be set aside, or its truth or falsehood should be conclusively tested, before their rights of property under the Great Seal of England, and in fact their future existence are placed under the legislation and the absolute control of Canada.

Despatch of
Mr. Cardwell
to Lord Monck
June 17, 1865.

12. The Committee cannot but feel that the Company has already had great reason to complain of the course pursued during the last few years. In 1865 the Canadian delegates sent to this country to promote the scheme of confederation solemnly "undertook" with Mr. Cardwell to negotiate with the Hudson's Bay Company. The answer given by the Committee was that they would be ready to consider any proposal.

Letter of Mr.
Forster to Sir
E. Head.
Feb. 20, 1866.

The facts of this undertaking were recited again in a subsequent letter, as a reason why no other step should be taken.

No negotiation, however, was opened, and in 1866 the Canadian Council resolved that such negotiation must devolve on the government of the Confederation, when constituted, rather than on the government of Canada. This was confirmed by the resolutions of the delegates in England of April 3rd, 1867.

Minute of
June 22, 1866.
Letter from
Sir F. Rogers
to Sir E. Head.
July 31, 1866.
Mr. Elliot to
Sir E. Head.
April 15, 1867.

After all, when the Confederation is formed and its parliament has met, resolutions are passed and an address to the Queen is adopted, praying that the powers of legislation and government over the Hudson's Bay Territory and the North-West Territory may be conveyed to Canada *first*, and that the judicial decisions or negotiations as to the Company's rights should take place *afterwards*.

13. We desire in the first place to remark that this inversion of the order of proceeding is entirely contrary to the expectation raised by the acts of the delegates and by the communications from the Colonial Office to us. We may have erred in thinking so, but certainly we conceived that the negotiations, which the delegates in 1865 undertook to initiate, were intended under the act of last session to form the preliminary step for transferring the supreme control to Canada,—not to follow after such transfer, with all the disadvantages to the Company, which must thus ensue from the change of the relative position of the parties. It would appear too, from a passage in a speech of the Honorable Mr. Holton in the Canadian parliament, as reported in the Canadian News, as per extract herewith, that the Committee were not the only parties who supposed this to be the intention of Government. The Committee,

moreover, thought that it was expressly, in anticipation of this original undertaking to negotiate, being thus carried out, that the Secretary of State for the Colonies intimated his wish in the following terms, that the Company should abstain from any other arrangements likely to interfere with the views then entertained :

Mr. Elliot to
Sir E. Head.
Jan. 23, 1867.

“ It is of course for the Hudson’s Bay Company to consider for themselves what course is most proper and conducive to their own interests. But it appears to Lord Carnarvon that any effective negotiation being for the moment impossible, it is for the interest of both parties that the question should remain open for arrangement, so soon as an authority exists capable of dealing with it on the part of the Colony or Colonies interested. He would therefore regret to learn that the Company contemplate any immediate action which was calculated to embarrass the negotiations, which would then become possible, and which, in the opinion of the Executive Council, it would be the duty of the Confederate Government to open.”

30 & 31 Vict.,
c. 3, sec. 146.

14. The Committee felt no anxiety respecting the wide powers of transfer conferred on the Crown by the Act of last session, because they did not believe that their rights of ownership in the soil and minerals could be affected by it ; and because, after the undertaking to negotiate formally communicated to them and the correspondence relating to it, they relied, as they continue to rely, on the honour and good faith of the English Government.

15. But the case assumes a very different aspect if the

plan of giving to the Canadian parliament and government legislative and administrative control over these territories, without defining and providing for the rights and interests of the Company, *as a condition precedent*, should be carried out. So far as we now see, no security of any kind would exist against such a use of this control in taxation and other matters, as might be thought best fitted for compelling the Company to accept any terms, however disadvantageous. No specific guarantee, it seems, is proposed to be given as to the legislation which might take place before these claims were finally disposed of, or as to the impartiality and competency of the courts before which the Company, if aggrieved, would have to seek redress. At any rate the relative position of the two parties to any such suit or discussion respecting these rights, would, *after* the transfer of the legislative and administrative control, be one which must leave the Company, as Defendant, more or less at the mercy of the Plaintiff, and would, to say the least, taint the voluntary character of any agreement to be subsequently arrived at. The only reliance of the Company would be on the honesty and the considerate disinterestedness of the Canadian parliament and people. The Committee moreover venture to think that their apprehensions on this score are reasonably increased, rather than diminished, by all that is reported to have passed in the debates, and especially by the extract of the accompanying report of the speech of Sir John A. Macdonald, K.C.B., the Canadian premier. The report is taken from the Canadian News. It is probably condensed, and as a matter of course it may be more or less inaccurate.

30 & 31 Vict.,
c. 3. sec. 146.

16. The act of last session provides that the incorporation of Rupert's Land and the North-Western Territory with Canada may be made by the Queen—
“on such terms and conditions in each case as are in
“the addresses expressed and as the Queen thinks fit
“to approve, subject to the provisions of this act; and
“the provisions of any Order in Council in that behalf
“shall have effect as if they had been enacted by the
“Parliament of the United Kingdom of Great Britain
“and Ireland.”

Now looking to the previous correspondence between the Hudson's Bay Company and the Colonial Office, it is not unreasonable to suppose that, so far as regards the Territory of the Company, the act contemplated the insertion of certain terms and conditions in any address relating to the transfer of such Territory.

But the address, a copy of which your Grace has had the goodness to transmit to us, contains no “terms and conditions” whatever, except a vague assurance “that
“the Parliament of Canada will be ready to provide
“that the legal rights of any corporation, company, or
“individual within the same, shall be respected and
“placed under the protection of Courts of competent
“jurisdiction.”

Such an assurance is of little value when the party making it disputes the very existence of the rights in question, and at any rate it amounts to no more than a statement that British subjects on British soil shall be entitled to the protection of a court of law of some kind, hereafter to be established by the act of one of

the parties. It might be presumed that redress before a competent tribunal would be the right of any one who was wronged; and such an assurance can hardly be deemed a "term" or "condition" of the kind which the statute intended to be set out specifically in the address from the legislature.

17. The Committee trust it may not for one moment be supposed that they arrogate to themselves any right, or entertain the smallest desire to impede or even to comment on the general policy of transferring the government of the North-West Territory and of the Hudson's Bay Territory to the Confederate Government of Canada. In this, as in everything else, they would bow with submission to the authority of the Crown, and rejoice in any measure which was really calculated to strengthen loyalty and promote union in British North America.

18. What is asked for as a matter of justice to a proprietary consisting of upwards of 1700 shareholders, who have paid a very large sum on the faith of our Charter, and of the protection of their rights of property in the soil by English law, is the adoption, by Her Majesty's government, of one of the following alternatives:

1st. That some conclusive agreement, as to the extent, value and compensation to be made for the claims of the Company, as owners of the soil and minerals of the Hudson's Bay Territory, and some arrangement by which burthens assumed by them in their political capacity, such as the endowment of the

Bishopric, may, when that capacity ceases, be transferred to others,—should be completed *before*, not *after* the transfer of the government of the North-Western Territory or Hudson's Bay Territory to Canada.

2nd. That, before any incorporation of Rupert's Land or the North-Western Territory with Canada, the rights of private property vested in the Company, and the exact limits of such rights, should be ascertained, acknowledged and efficiently protected by law, in a manner binding on any Colonial government—so that they should not be at any time hereafter impeached or violated without proper compensation.

I have the honor to be,
 MY LORD DUKE,
 Your Grace's most obedient Servant,
 EDMUND HEAD,
 Governor.

*Extract from a Speech of the Honorable Mr. HOLTON,
 in the Canadian Parliament, as reported in the
 Canadian News, January 2nd, 1868—page 7.*

"It struck him too that what was in contemplation in the Union Act was that the address to Her Majesty should follow the negotiations, and that the address should set forth clearly and distinctly the terms on which we were prepared to unite that territory with Canada."

*Extract from a Speech of Sir JOHN A. MACDONALD,
K.C.B., in the Canadian Parliament, reported as
above—page 9.*

"It had been said by the member for West Durham that this was a worse proposition than the proposition of 1865. It was precisely the same, it was simply that we wished to take possession of this territory and would undertake to legislate for it and to govern it, leaving the Hudson's Bay Company no right except the right of asserting their title, in the best way they could, in courts of competent jurisdiction. And what would their title be worth the moment it was known that the country belonged to Canada and that the Canadian government and Canadian Courts had jurisdiction there, and that the chief protection of the Hudson's Bay Company and the value of their property, namely their exclusive right of trading in those regions, were gone for ever.

"The Company would only be too glad that the country should be handed over to Canada, and would be ready to enter into any reasonable arrangement.

"The value of the Company's interest would be determined by the value of their stock, and what would that be worth when the whole country belonged to Canada."

DOWNING STREET,
23rd April, 1868.

Sir CURTIS LAMPSON, Bart.,

Sir,

I am directed by the Duke of Buckingham and Chandos to acquaint you that he has had under his consideration the address from the Parliament of Canada to Her Majesty, praying that Rupert's Land and the North-West Territory may be united with the Dominion of Canada and placed under the authority of the Canadian Parliament, and the letter from the Governor of the Hudson's Bay Company dated the 25th of January on that subject.

Her Majesty's Government think that it will be right to comply under proper conditions with the wish expressed by the Parliament of Canada, and they propose to introduce a Bill for the purpose into the Imperial Parliament. They desire, however, to pay due regard to the interests of Her Majesty's subjects already concerned in the Territory, and with that view they will be prepared to make provision for any reasonable terms which may be agreed upon with the Hudson's Bay Company.

Colonial Office
11th March,
5th April,
6th June,
1864.

Hudson's Bay
Company,
13th April,
7th December,
1864.

I am desired to call your attention to the negotiations which took place in 1864 between the Secretary of State and the Company, as recorded in the correspondence referred to in the margin, and I am to request that you will state what are the terms which the Company would be prepared to accept proceeding on the principles then adopted, viz: that the compensation should be derived from the future proceeds of

the lands, and of any gold which may be discovered in Rupert's Land, coupled with reservations of defined portions of land to the Company.

I am &c.,

C. B. ADDERLEY.

HUDSON'S BAY HOUSE,

London, April 24th, 1868.

The Right Hon. C. B. ADDERLEY, M.P., &c., &c.

Colonial Office.

Sir,

I have the honor to acknowledge the receipt of your letter of the 23rd inst., addressed to the Deputy-Governor of the Hudson's Bay Company, and to inform you that the subject matter of this communication will be taken into consideration by the Committee, and a reply made thereto at an early date.

I take this opportunity to inform you that I have this day been elected Governor of the Company, in the room of the late Sir Edmund Head, Bart.

I have the honor to be,

Sir,

Your most obedient Servant,

KIMBERLEY.

HUDSON'S BAY HOUSE,
London, May 13th, 1868.

The Right Hon. C. B. ADDERLEY, M.P.
Colonial Office.

Sir,

Your letter of the 23rd ultimo, which I have already had the honour to acknowledge, has been carefully considered by the Committee of the Hudson's Bay Company, and I am authorised by the Committee to make the following reply.

The Committee wish in the first place to express the satisfaction with which they have learnt that Her Majesty's Government, whilst thinking it right to comply, under proper provisions, with the prayer of the Address to the Queen from the Parliament of Canada that Rupert's Land and the North-West Territory may be united with the Dominion of Canada, desire to pay due regard to the interests of Her Majesty's subjects already concerned in the Territory, and with that view will be prepared to make provision for any reasonable terms which may be agreed upon with the Hudson's Bay Company.

Before proceeding to state the conditions which they would undertake to recommend the Proprietors to accept, the Committee think it necessary to point out the important difference in the basis of the negotiations between the Secretary of State for the Colonies in 1864, to which you refer in your letter, from that of the negotiations into which his Grace the Duke of Buckingham and Chandos now invites the Company to enter.

In the letter of Mr. Fortescue of March 11th, 1864, the first condition proposed by the Duke of Newcastle was :—

“That within certain geographical limits (coinciding more or less with those laid down in your letter) the territorial rights of the Company should be surrendered to the Crown.”

These geographical limits are defined in the letter of Sir Edmund Head, of November 13th, 1863, as follows :—

“With regard to the extent of the proposed Colony, of which the seat of government would be Red River or Fort Garry, the Committee presume that his Grace would wish it to include the whole country from the frontier of the United States to the North Branch of the Saskatchewan, and to extend eastward towards Lake Superior, as far as the frontier of Canada, wherever the precise line of that frontier may be found. Perhaps the most convenient limit for the northern boundary would be either the Saskatchewan itself, or a line running from the Rocky Mountains eastward through Edmonton House and Fort Cumberland, and from the latter following the Saskatchewan down to Lake Winnipeg. Nothing would be gained by going farther to the northward nor by including the eastern side of Lake Winnipeg, but from the mouth of the Winnipeg River, where it enters the Lake, the line of demarcation might be run eastward until it cut the Canadian frontier somewhere north of Lake Superior or Lake Huron.”

From this quotation his Grace will see that the terms to which Sir E. Head stated in his letter of April 13th, 1864, that the Committee were willing to agree, referred only to a portion of the Territory held by the Charter, being that portion which it is supposed may be capable of settlement.

Now on the other hand it is proposed, as the Committee understand your letter, to extinguish the Company's territorial rights in the whole of Rupert's Land, and to place the whole of Rupert's Land together with the North-Western Territory under the government of Canada.

The Committee have invariably expressed their anxiety to offer no obstacle to any arrangement for facilitating the colonization of all such parts of Rupert's Land as can possibly be settled: they have only asked that reasonable compensation be secured to the Company for its territorial rights, and in the letter of Sir E. Head of the 25th of January last, they disclaimed all desire to impede the general policy of transferring the government of the North-West Territory and of the Hudson's Bay Territory to the Government of Canada, but his Grace will not fail to perceive that there is a wide difference between the terms assented to by the Committee in their correspondence with the Duke of Newcastle, under which the Company would have retained the exclusive control over that part of the Territory where their fur trade is principally carried on, and the surrender of the whole of their territorial rights, and it becomes therefore of the utmost conse-

quence to the Company that such provisions shall be made as will enable them to carry on their fur trade without interruption.

Bearing these considerations in mind, the Committee are prepared to recommend the Proprietors to accept the following terms which, as his Grace will perceive, are based upon the terms proposed in Sir E. Head's letter of April 13th, 1864, with such additions as the altered state of the case seems to them to require.

1. That the Company shall surrender all the Territory which they hold under their Charter, with the reservation of all their posts and stations with an area of 6000 acres round each such post or station,—this reservation of 6000 acres however, not to apply to the Red River Settlement.

2. That the Company shall be entitled to receive one shilling for every acre of the land surrendered, which shall be disposed of by the Government, whether by sale, lease or free grant or parted with in any other manner.

3. That one-quarter of the sum received by the Government as an export duty for gold and silver, or on leases of gold and silver mines, or for licenses for gold and silver mining, shall be paid to the Company, the amount to be received under this and the preceding article being limited to a total sum conjointly of one million sterling.

4. That the Canadian Government shall confirm all titles to land that has been alienated by the Company at Red River or elsewhere.

5. That whenever the Government shall have sold, leased, granted or otherwise parted with 50,000 acres, the Company shall be entitled for every such 50,000 acres to a free grant of 5,000 acres of wild land to be selected by them.

6. That no tax shall be imposed upon any land belonging to the Company not under cultivation, and no exceptional tax shall be imposed upon the Company's other lands or property, or upon the Company's servants.

7. That the disputed matter of the Company's lands in Canada be settled by issuing grants on the footing formerly agreed upon by Mr. Vankoughnet and Mr. Hopkins.

8. That the Canadian Government shall take over from the Company all the materials for the construction of the Telegraph, now in Rupert's Land and the North-west Territory, on payment of the cost price and the expenses already incurred, with interest.

9. That full liberty to carry on their trade shall be secured to the Company, free from any special or exceptional taxation.

10. That until the million sterling stipulated by Articles 2 and 3 shall be paid to the Company, no export duties shall be levied by Canada upon Furs

exported by the Company, and no import duties shall be levied upon articles imported by the Company into the North-Western Territory and into that part of Rupert's Land, which is not included within the geographical limits laid down in Sir E. Head's letter of November 11th, 1863; the Company to be further entitled to import goods in bond free of duty through any part of the surrendered Territory into the North-western Territory and the aforesaid part of Rupert's Land.

Lastly, that in order to afford to the Company a guarantee for the due fulfilment of these provisions by the Canadian Government, power shall be given to the Company to bring before the Judicial Committee of Her Majesty's Privy Council for decision any matters connected with the carrying into effect the foregoing provisions, in respect of which they may consider themselves aggrieved.

The Committee assume that all charges of a public character which now fall on the Company will be transferred to the Canadian Government, and that in order to prevent any dispute with Canada hereafter as to the limits of the Territory, to which the conditions to be agreed upon shall apply, the boundary line between the Territory surrendered by the Company and the present Dominion of Canada will be precisely defined before the cession is completed.

The Committee desire me in conclusion to refer to the letter of Sir E. Head, of the 25th of January last,

and especially to the last paragraph of that letter. They feel confident that they will not be deemed unreasonable in asking that in transferring the North-West Territory to Canada, such provisions shall be made as may secure to the Company full liberty to trade as at present, as well as the unmolested possession of their posts, stations and other property, free from any exceptional duties on their property or servants.

I have the honour to be, Sir,

Your most obedient servant,

KIMBERLEY.

DOWNING STREET,
7th August, 1868.

THE EARL OF KIMBERLEY,

My Lord,

A Bill having now passed through both Houses of Parliament conferring the necessary power for the surrender to Her Majesty by the Hudson's Bay Company of their Territories and privileges on such terms as may be agreed upon, I am directed by the Duke of Buckingham and Chandos to transmit to you a copy of the Act.

In your Lordship's letter dated the 13th May last, there are certain points in the terms set forth to which the Duke of Buckingham and Chandos would not feel at liberty to agree in their present shape. His Grace

believes the best prospect of arriving at an agreement satisfactory to both parties will probably be afforded by personal consultation. He would propose therefore to meet your Lordship at such time as may be convenient for the purpose to your Lordship and to any members of the Company whose assistance you would desire. Some time in the ensuing month will probably be suitable.

I have, &c.,

FREDERIC ROGERS.

ANNO TRICESIMO PRIMO ET TRICESIMO SECUNDO
VICTORIÆ REGINÆ.

CAP CV.

An Act for enabling Her Majesty to accept a Surrender upon Terms, of the Lands, Privileges, and Rights of "The Governor and Company of Adventurers of England trading into Hudson's Bay," and for admitting the same into the Dominion of Canada.
[31st July, 1868.]

WHEREAS by certain Letters Patent granted by His late Majesty King Charles the Second in the Twenty-second Year of His Reign certain Persons therein named were incorporated by the Name of "The Governor and Company of Adventurers of England trading into Hudson's Bay," and certain Lands and Territories, Rights of Government, and other Rights, Privileges, Liberties, Franchises, Powers, and Authorities, were thereby granted or purported to be granted to the said

Recital of
Charter of
Hudson's Bay
Company,
22 Car. 2.

Governor and Company in His Majesty's Dominions
in North America :

And whereas by the British North America Act, 1867, it was (amongst other things) enacted that it should be lawful for Her Majesty, by and with the Advice of Her Majesty's most Honorable Privy Council, on Address from the Houses of the Parliament of Canada, to admit Rupert's Land and the North-western Territory, or either of them, into the Union on such Terms and Conditions as are in the Address expressed and as Her Majesty thinks fit to approve, subject to the Provisions of the said Act :

Recital of
Agreement of
Surrender.

And whereas for the Purpose of carrying into effect the Provisions of the said British North America Act, 1867, and of admitting Rupert's Land into the said Dominion as aforesaid upon such Terms as Her Majesty thinks fit to approve, it is expedient that the said Lands, Territories, Rights, Privileges, Liberties, Franchises, Powers, and Authorities, so far as the same have been lawfully granted to the said Company, should be surrendered to Her Majesty, Her Heirs and Successors, upon such Terms and Conditions as may be agreed upon by and between Her Majesty and the said Governor and Company as herein-after mentioned :

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the same, as follows :

1. This Act may be cited as "Rupert's Land Act, Short Title. 1868."

2. For the Purposes of this Act the Term "Rupert's Land" shall include the whole of the Lands and Territories held or claimed to be held by the said Governor and Company.

Definition of
"Rupert's
Land."

3. It shall be competent for the said Governor and Company to surrender to Her Majesty, and for Her Majesty by any Instrument under Her Sign Manual and Signet to accept a Surrender of all or any of the Lands, Territories, Rights, Privileges, Liberties, Franchises, Powers, and Authorities whatsoever granted or purported to be granted by the said Letters Patent to the said Governor and Company within Rupert's Land, upon such Terms and Conditions as shall be agreed upon by and between Her Majesty and the said Governor and Company; provided, however, that such Surrender shall not be accepted by Her Majesty until the Terms and Conditions upon which Rupert's Land shall be admitted into the said Dominion of Canada shall have been approved of by Her Majesty, and embodied in an Address to Her Majesty from both the Houses of the Parliament of Canada in pursuance of the One hundred and forty-sixth section of the British North America Act, 1867; and that the said Surrender and Acceptance thereof shall be null and void unless within a Month from the Date of such Acceptance Her Majesty does by Order in Council under the Provisions of the said last-recited Act admit Rupert's Land into the said Dominion; provided further, that no Charge shall be imposed by such Terms upon the Consolidated Fund of the United Kingdom.

Power to
Her Majesty
to accept
Surrender of
Lands, &c., of
the Company
upon certain
Terms.

Extinguish-
ment of all
Rights of the
Company.

4. Upon the Acceptance by Her Majesty of such Surrender, all Rights of Government and Proprietary Rights, and all other Privileges, Liberties, Franchises, Powers, and Authorities whatsoever, granted or purported to be granted by the said Letters Patent to the said Governor and Company within Rupert's Land, and which shall have been so surrendered, shall be absolutely extinguished; provided that nothing herein contained shall prevent the said Governor and Company from continuing to carry on in Rupert's Land or elsewhere Trade and Commerce.

Power to Her
Majesty by
Order in
Council to
admit
Rupert's Land
into and form
Part of the
Dominion of
Canada.

5. It shall be competent to Her Majesty by any such Order or Orders in Council as aforesaid, on Address from the Houses of the Parliament of Canada, to declare that Rupert's Land shall, from a Date to be therein mentioned, be admitted into and become Part of the Dominion of Canada; and thereupon it shall be lawful for the Parliament of Canada from the Date aforesaid to make, ordain, and establish within the Land and Territory so admitted as aforesaid all such Laws, Institutions, and Ordinances, and to constitute such Courts and Officers, as may be necessary for the Peace, Order, and good Government of Her Majesty's Subjects and others therein: Provided that, until otherwise enacted by the said Parliament of Canada, all the Powers, Authorities, and Jurisdiction of the several Courts of Justice now established in Rupert's Land, and of the several Officers thereof, and of all Magistrates and Justices now acting within the said Limits, shall continue in full Force and Effect therein.

Jurisdiction of
present Courts
and Officers
continued.

KIMBERLEY HOUSE,

August 16th, 1868.

Sir FREDERIC ROGERS, Bart.

Sir,

I beg leave to acknowledge and thank you for your letter of the 7th instant.

I request you will have the goodness to inform his Grace the Duke of Buckingham, that I shall gladly avail myself of his suggestion that I should have an interview with him during next month to discuss the terms proposed in my letter of the 13th of May last, and I will, when the time approaches, take an opportunity of communicating with his Grace as to the day and hour when it may be convenient to him to receive me and such other members of the Committee of the Hudson's Bay Company as may accompany me.

I have, &c.,

KIMBERLEY.

Chairman.

HUDSON'S BAY HOUSE,

London, October 27th, 1868.

The Right Honorable C. B. ADDERLEY, M.P.

Colonial Office.

Sir,

The Committee of the Hudson's Bay Company have received from Sir C. Lampson and myself reports of the interviews which we have had the honour to

have with his Grace the Duke of Buckingham and Chandos, on the subject of the proposed cession to Canada of the Company's territorial rights, and they have anxiously considered how far they would be justified in altering the terms proposed in my letter of May 13th, with a view to meet the objections which have been raised to them.

They understand his Grace to suggest that instead of the Company being entitled to a free grant of 5,000 acres, to be selected by them for every 50,000 acres which shall be alienated by the Government, the whole Territory should be at once divided into sections on the map, and that a certain portion of each section should be allotted to the Company by fixed geographical rules, the Company taking the chance as to the value of the land which might fall to its share; and further, that in order to meet the evils which might arise from the existence of so many blocks of wild land free from taxation, the exemption of the Company's wild land from taxes should continue only for a limited period, say for example twenty years.

The Committee regret that they are unable to agree to this mode of allotment. One of the chief inducements to their shareholders to accept the proposed arrangements would be, that according to the plan of the Committee, if as it is hoped, the colonization of the country proceeded rapidly under the new government, the Company would receive blocks of land of moderate size in the vicinity of the new settlements, which would possess an actual value in the market. But if the plan suggested by the Duke of Buckingham were

adopted, instead of the grants to the Company proceeding equally with the progress of colonization, the whole country would be dotted over with isolated tracts of wild land belonging to the Company, many of which even if ultimately available for settlement, must necessarily remain entirely valueless until long after the expiration of the twenty years, and if taxed would be a heavy burden instead of a source of profit to the Company.

The Committee are willing, however, to agree that the exemption from taxes on the Company's wild land shall only apply to each block of 5,000 acres, which they may be entitled from time to time to select, for a period of twenty years from the date of selection. This would give the Company a reasonable time within which to turn each block to profitable account, and at the same time the ultimate liability to taxation would prevent these lands from becoming an obstruction to the free progress of settlement.

The Committee think it right to add that they do not propose that land purchased by the Company should be reckoned in the 50,000 acres; and that the selection of the land by the Company naturally implies that the Company shall bear the cost of such a survey as may be necessary to define the land selected, it being understood that the Company shall have the option of making the survey by means of their own officers.

The Committee are also quite willing that land granted for such purposes as roads, churches or schools shall not be liable to the payment of one shilling per

acre to the Company, provided that the exemption is restricted to the land actually used in the construction of the work, and that the exceptions are specified in the agreement with the Government for the cession of the Company's rights. They also admit that it is proper that a similar exemption should apply to land set apart as Indian Reserves, on the understanding that these reserves will be made by Her Majesty's Government, as they are informed it is his Grace's intention they shall be, before the Company's territory is transferred to Canada, and that, if at any time before the million sterling is paid to the Company, such land shall be used or granted for other purposes, it shall become liable to the payment of a shilling an acre in common with other land.

With respect to the land which the Committee have asked that the Company may retain as private property round their posts and stations, if 6,000 acres are thought to be too much in that part of Rupert's Land which is suited for settlement, the Committee will consent that the 6,000 acres shall only apply to posts which do not lie within the limits referred to under article 10 in my letter of May 13th, as laid down in Sir E. Head's letter of November 11th, 1863, and that within these limits the extent of land to be retained round each post shall not exceed 3,000 acres, all the lands retained to be free from taxation, except when reclaimed from a wild state.

Lastly the Committee cannot deny that the stipulation that the Committee shall have power to bring before the Judicial Committee of Her Majesty's Privy

Council, matters in dispute, is open to the objection that the Privy Council acts only as a Court of Appeal, and as they presume that the Company would be entitled to appeal from the local Courts to the Privy Council, they do not think it indispensable to insist on this demand.

The Committee in declaring their willingness to make these alterations in the terms which they proposed, are actuated by a sincere desire to arrive at an agreement with Her Majesty's Government; but they are conscious that they would be wanting in their duty, if they did not add that at the half-yearly Meeting of their Shareholders, held since my letter of May 13th was written, opinions were expressed strongly adverse to any arrangement for the cession of the Company's territorial rights which did not secure the payment as compensation of a sum of hard money.

Sir Edmund Head, in the concluding paragraphs of his letter of April 13th, 1864, in which terms were proposed similar to those now under discussion, but involving the cession of a part only of the Company's Territory, avowed to the Duke of Newcastle the apprehensions of the Committee that it might be difficult to convince the shareholders that the offers then made were to their advantage; and although the Committee have felt bound not to recede from the terms contained in my letter of May 13th, which were based on their former offers, they cannot conceal from his Grace that they anticipate a very serious opposition on the part of their shareholders, to any such arrangement as that which they have put forward.

His Grace will recollect that at our first interview, before the Canadian delegates had started for England, Sir C. Lampson and I strongly insisted upon this point, and that we suggested that if Canada would agree to pay to the Company one million sterling in bonds, such a settlement might be acceptable to our proprietors.

The Committee entirely share this view. The more they consider the very complicated arrangements which have been devised as a substitute for the payment of a sum of money at once, the more they are convinced that it is as much for the interest of Canada as of the Company, that the claims of the Company should be provided for by a direct compensation, and not by contingent payments extending over a long series of years, and by grants of land under stipulations, which, although indispensable to protect the Company from spoliation, would be invidious in the eyes of the future settlers and embarrassing to the Colonial Government.

At the same time the Committee desire me to assure his Grace, that if their terms as now modified are agreed to by Her Majesty's Government, the Committee will use all their influence to induce the proprietors to confirm them.

I have the honor to be,

Sir,

Your most obedient servant,

KIMBERLEY.

DOWNING STREET,

1st December, 1868.

The Earl of KIMBERLEY,

My Lord,

I am directed by the Duke of Buckingham and Chandos to acknowledge the receipt of your Lordship's letter of the 27th October, and to express His Grace's regret that the serious illness of Mr. McDougall, one of the two delegates sent from Canada, which prevented His Grace from communicating with him, should have caused so long a delay in the answer.

His Grace regrets to perceive that the letter under reply does not afford much prospect of an arrangement being come to.

Her Majesty's Government, in the letter of Mr. Adderley of 23rd April to Sir Curtis Lampson, referring to the negotiations which took place in 1864, requested to be informed "what terms the Company "would be prepared to accept proceeding on the principles then adopted, namely, that the compensation "should be derived from the future proceeds of the "lands, and of any gold which may be discovered in "Rupert's Land, coupled with reservations of defined "portions of land to the Company."

To this your Lordship replied that the Committee were prepared to recommend:—

1. That the Company shall surrender all the Territory which they hold under their Charter with the reservation of all their posts and stations, with an area of 6000 acres round each such post or station; this

reservation of 6,000 acres, however, not to apply to the Red River Settlement.

2. That the Company shall be entitled to receive one shilling for every acre of the land surrendered, which shall be disposed of by the Government, whether by sale, lease or free grant, or parted with in any other manner.

3. That one-quarter of the sum received by the Government as an export duty for gold and silver, or on leases of gold and silver mines, or for licenses for gold and silver mining, shall be paid to the Company, the amount to be received under this and the preceding article being limited to a total sum conjointly of £1,000,000 sterling.

4. That the Canadian Government shall confirm all titles to land that has been alienated by the Company, at Red River or elsewhere.

5. That whenever the Government shall have sold, leased, granted or otherwise parted with 50,000 acres, the Company shall be entitled for every such 50,000 acres to a free grant of 5,000 acres of wild land to be selected by them.

6. That no tax shall be imposed upon any land belonging to the Company not under cultivation, and no exceptional tax shall be imposed upon the Company's other lands or property or upon the Company's servants.

7. That the disputed matter of the Company's lands in Canada be settled by issuing grants, on the footing formerly agreed upon by Mr. Vankoughnet and Mr. Hopkins.

8. That the Canadian Government shall take over from the Company all the materials for the construction of the

Telegraph, now in Rupert's Land and the North-West Territory, on payment of the cost price and the expenses already incurred, with interest.

9. That full liberty to carry on their trade shall be secured to the Company, free from any special or exceptional taxation.

10. That until £1,000,000 sterling stipulated by articles 2 and 3, shall be paid to the Company, no export duties shall be levied by Canada upon Furs exported by the Company, and no import duties shall be levied upon articles imported by the Company into the North-Western Territory, and into that part of Rupert's Land which is not included within the geographical limits laid down in Sir E. Head's letter, of 11th November, 1863; the Company to be further entitled to import goods in bond, free of duty, through any part of the surrendered territory into the North-Western Territory and the aforesaid part of Rupert's Land.

Lastly, that in order to afford to the Company a guarantee for the due fulfilment of these provisions by the Canadian Government, power shall be given to the Company to bring before the Judicial Committee of Her Majesty's Privy Council for decision, any matters connected with the carrying into effect the foregoing provisions, in respect of which they may consider themselves aggrieved.

His Grace intimated in reply that there were "certain "points in the terms set forth to which he would not feel "at liberty to agree in their present shape:" and at the meetings which ensued, His Grace expressed his strong objections to the principle of the proposals of the Company

respecting reserves of land to be selected from time to time at the discretion of the Company, and to the principle of special exemption from taxation in their favor, and expressed his opinion that there were many points in the other proposals requiring material modification.

Your Lordship's present letter intimates that the Company are unable to agree to certain modifications which suggested themselves during the discussions as modes of avoiding the objections entertained by His Grace, and proceeds to state the changes which the Company are willing to agree to, and which His Grace understands to be as follows:—

1st. That the exemption from taxes on the Company's wild land shall only last for a period of twenty years from the date of selection.

2nd. That any lands purchased by the Company shall not reckon in the quantities of 50,000 acres, in respect of which the Company should be entitled to select 5,000 acres.

3rd. That the Company shall bear the expense of surveying their blocks of 5,000 acres.

4th. That lands granted for such purposes as roads, churches, or schools, shall not be liable to the payment of one shilling per acre to the Company.

5th. That the same exception shall apply to lands set apart by Her Majesty's Government as Indian Reserves before the Company's Territory is transferred to Canada.

6th. That with regard to land around posts beyond what

is designated the fertile belt, 6,000 acres shall be granted, and that only 3,000 acres shall be the quantity within that belt.

7th. That the proposed recourse to the Privy Council as a Court of first instance shall be abandoned.

His Grace is unable to recommend the adoption by Her Majesty's Government of such terms for the surrender of the territorial rights of the Company. Whatever be the future Government of the territory, whether by the Hudson's Bay Company or by Canada, or by any other authority, very considerable annual outlay will have, as in all other unsettled countries, to be incurred in clearing roads, maintenance and opening of navigation, &c., and surveying.

For these charges the produce of the early sales of land is the natural resource. But by the Company's proposals they would deprive the future Government of any prospect for a long time at least of receiving any income.

1st. They first stipulate not for a share of the receipts from land, but for a definite sum per acre, a sum in all probability far in excess of what is likely in practice to be obtained for the greater portion.

2nd. They stipulate that they shall retain certain reserves around their posts, amounting, therefore, according to the Lists of Posts handed in by Sir C. Lampson, to upwards of 500,000 acres of the land most likely to be made available for settlement and sale, as being the land surrounding the established posts of the Company, which they have after

long experience retained as the most advantageous positions for trade and occupation, and of which nearly 100,000 acres surround the posts in what is called the fertile belt of the territory.

3rd. And that they shall also receive a share of mineral rights and confirmation of all titles.

4th. They proceed to stipulate for a further reserve of one tenth of the whole territory, and that the Company shall have this tenth in blocks of 5,000 acres to be selected as each successive 50,000 is alienated, and not merely to select in the same locality, but anywhere, so that, for instance, if land is alienated in the higher parts of the Rocky Mountains at Jasper House, for example, in consequence of the mining operations in that District, or for fishing stations, or mining purposes on the coast of Hudson's Bay or Labrador, the Company should be entitled to select the proportionate reserve in such part of the most fertile region as they may consider will realise the utmost profit to them whether by its cultivations or development, or by its power of obstruction to others.

These lands moreover, are to be exempt from taxation for a period of twenty years from selection, and the lands retained round the posts to be entirely free from taxation unless reclaimed.

These conditions His Grace cannot accede to. His Grace would, however, recommend Her Majesty's Government to agree to a surrender on the following conditions:—

1. That the land to be retained by the Company in the

neighbourhood of their posts shall vary according to the importance of the post: in no case whatever exceeding 6,000 acres in all for any one post including the cultivated or reclaimed land now occupied, and in no case exceeding 3,000 acres within the fertile belt for principal posts, and 500 acres for minor posts; the additional land retained to be set out so as not to include frontage to rivers or tracks, roads or portages.

2. The Company to receive one-quarter share of receipts from land. If any free grants of land be made for other than public purposes such land shall be deemed to have been sold at 1s. per acre.

3. That one quarter of the sum received by the Government as an export duty for gold and silver or on leases of gold and silver mines, or for licenses for gold and silver mining shall be paid to the Company, the amount to be received under this and the preceding article being limited to a total sum conjointly of £1,000,000 sterling.

4. That the Imperial Government shall confirm all titles to lands that have been alienated by the Company at Red River or elsewhere.

5. That the Company shall have the option of selecting five lots of not less than 200 acres each in each township, whenever it is set, on payment of rateable cost of survey.

6. That no exceptional tax shall be imposed upon the Company's lands, trade, or servants.

7. The full liberty to carry on their trade shall be secured to the Company.

8. The Company to have similar reserves granted them in connection with their posts in the North-West Territory.

9. The boundary lines between Hudson's Bay and Canada to be defined, and between Hudson's Bay and North-West Territory to be defined by a natural or geographical boundary agreed on.

10. No wild lands to be taxable until surveyed and marked.

11. That whenever the payment of £1,000,000 sterling under article 3 shall have been made, as therein provided, in cash or otherwise extinguished by any payment or commutation by Canada to the satisfaction of the Company, the rights of the Company to further selection of lots, to royalties and share of land receipts shall cease.

12. Such lands as Her Majesty's Government shall deem necessary to be set aside for the use of the native Indian population shall be reserved altogether from this arrangement, and the Company shall not be entitled to the payment of any share of receipts or any royalty therefrom or right of selection in respect thereof, under previous articles, unless for such part, if any, of these lands as may be appropriated with the consent of the Crown to any other purpose than that of the benefit of the Indian natives.

If these terms are approved Her Majesty's Government will be prepared to conclude an arrangement, and to submit it to the Canadian Government for their favourable consideration; but if the Company shall not assent to these condi-

tions, Her Majesty's Government will consider themselves
unpledged by any of the offers that have been made.

I am,

My Lord,

Your most obedient Servant,

C. B. ADDERLEY.

HUDSON'S BAY HOUSE,

London, 10th December, 1868

Sir FREDERIC ROGERS, Bart.

&c., &c., &c.,

Colonial Office,

Sir,

I have the honor to acknowledge the receipt on the
8th inst. of Mr. Adderley's letter dated Downing Street, 1st
December, and I have to state that the contents will be
without delay, taken into consideration by the Committee
the Hudson's Bay Company.

I have the honor to be,

Sir,

Your most obedient servant,

C. M. LAMPSON,

Deputy Governor.

HUDSON'S BAY HOUSE,

London, December 22nd, 1868.

Sir FREDERIC ROGERS, Bart.,

&c., &c., &c.

Sir,

Referring to my letter of the 10th inst., I have the honor to state that the Committee have summoned a General Court of the Proprietors of the Hudson's Bay Company for Tuesday, the 5th of January for the purpose of electing a Governor in the room of the Right Honorable The Earl of Kimberley, and propose to postpone sending in their answer to Mr. Adderley's letter of the 1st inst., until after such election has been held.

I have the honor to be,

Sir,

Your most obedient Servant,

C. M. LAMPSON,

Deputy Governor.

HUDSON'S BAY HOUSE,

London, December 22nd, 1868.

Sir FREDERIC ROGERS, Bart.,

&c., &c., &c.

Colonial Office.

Sir,

I have the honour to enclose for the information of the Right Honorable the Secretary of State for the Colonies extracts of letters recently received from Governor Mactavish, dated Fort Garry, Red River Settlement, October 10th and November 11th, from which it will be seen that the Cana-

dian Government have intimated, through an Agent sent to Red River by the direction of the Canadian Commissioner for Public Works, their intention to construct a road from Fort Garry to the Lake of the Woods through the territory of the Company. A trespass upon the freehold territory of the Company must be committed in order to carry out this intention.

The Committee cannot but look upon this proceeding as a most unusual and improper one, especially as negotiations are at present pending for the transfer of the territory of the Company to Canada. This trespass will be an actual encroachment on the soil of the Company, and that too by a Government which has constantly up to this time and still disputes the right of this Company over that soil.

The Committee, therefore, ask for the intervention of Her Majesty's Government, but, at the same time, they beg leave to say that any application by Her Majesty's Government or the Canadian Government for permission to make this road will be favorably entertained.

I have the honor to be,

Sir,

Your most obedient servant,

C. M. LAMPSON,

Deputy Governor.

Extracts referred to in the foregoing letter.

"FORT GARRY, October 10th, 1868.

"I am informed that the Canadian Government have for-

“warded, in charge of a Mr. Snow, a quantity of provisions
 “which Mr. Snow has written to one of the merchants here
 “to provide freight for from Georgetown, and appointed
 “the 15th inst. as the date on which the supplies will be at
 “Georgetown. Mr. Snow himself says nothing on the sub-
 “ject, but it is announced here that he comes up for the
 “purpose of superintending the making of a cart road from
 “this place to the Lake of the Woods, and that the provi-
 “sions he is bringing are to be used in payment of labor
 “on the above road.”

“FORT GARRY, November 11th, 1868.

“Mr. Snow, who I before advised you, was expected here
 “to superintend the making a road from this Settlement to
 “the Lake of the Woods with a view to opening direct com-
 “munication with Canada, arrived some time ago and is
 “now on the eve of commencing operations. He has
 “brought in with him some provisions with which he pur-
 “poses paying for labour on the road. On his arrival here
 “he called on me to show his instructions from the Commis-
 “sioner of Public Works. These contained nothing of any
 “consequence beyond the expression of a hope on the part
 “of the Commissioner that the Company's Agent here would
 “offer no opposition to Mr. Snow's operations, but would
 “leave the matter entirely in the hands of the Imperial
 “Government, which, as generally people here regard Mr.
 “Snow's arrival as opportune on account of the scarcity of
 “provisions, I agreed to do, and without instructions to
 “protest against Mr. Snow's action, I did not think it politic
 “to do so.”

DOWNING STREET,

4th January, 1869.

Sir CURTIS LAMPSON, Bart.

Sir,

I am directed by Earl Granville to acknowledge the receipt of your letter of the 22nd ulto., stating that the Committee of the Hudson's Bay Company propose to postpone sending in their answer to Mr. Adderley's letter of 1st December, until after the election of a new Governor, in the room of the Right Hon. the Earl of Kimberley, for which purpose a General Court of the Proprietors has been summoned for Tuesday, the 5th inst.

I am to express Lord Granville's hope that the Committee will not allow any unnecessary delay to take place in coming to a decision upon the proposals contained in Mr. Adderley's letter.

I am, Sir,

Your most obedient servant,

FREDERIC ROGERS.

DOWNING STREET,

28th January, 1869.

Sir CURTIS LAMPSON, Bart.

Sir,

I have laid before Earl Granville your letter of the 22nd ultimo, relating to an invasion of the rights of the Hudson's Bay Company, apprehended by them from certain steps taken under the authority of the Canadian Government.

A copy of your letter was by his Lordship's direction, forwarded to Sir G. Cartier and Mr. McDougall, with a request that they would furnish any explanation it might be
 16th January, 1869. in their power to afford respecting the proceedings of the Canadian Government that were referred to; and I am desired to transmit to you for the information of the Hudson's Bay Company, a copy of the letter which has been received from those gentlemen in reply.

I am, Sir,

Your obedient servant,

FREDERIC ROGERS.

Sir G. CARTIER *and* Mr. McDUGALL to Sir FREDERIC ROGERS.

(*Copy.*)

WESTMINSTER PALACE HOTEL,

London, 16th January, 1869.

Sir,

We have the honor to acknowledge receipt of your letter of the 30th ultimo (with its enclosure), stating that you were directed by Earl Granville to transmit to us a copy of a letter, which his Lordship had received from the Deputy-Chairman of the Hudson's Bay Company, relating to some steps which have been taken under the authority of the Canadian Government, and from which the Company apprehend some invasion of their territorial rights.

You inform us that his Lordship will be glad to receive from us any explanation which we may be able to furnish him, of the steps taken by the Canadian Government.

We have read the letter of the Deputy-Chairman and extracts from the letters of Governor Mactavish, and have much pleasure in being able to furnish his Lordship with what we hope will prove satisfactory information on the subject of the Hudson's Bay Company's complaint.

1. In the month of September last, very precise information reached the Canadian Government, that in consequence of the complete destruction of their crops by locusts, the people of the Red River Settlement, numbering probably from 12,000 to 15,000 souls, were in imminent danger of starvation during the winter about to set in.

2. Numerous and earnest appeals for aid had already been made to the Canadian public by writers in the newspapers and by clergymen and others, acquainted with the country. The Right Reverend Robert Mackray, Lord Bishop of Rupert's Land, a member of the Council of Assinaboia, and so far a representative of the Company, visited Ottawa, and urged upon members of the Canadian Government the duty of prompt assistance to avert the threatened calamity.

3. No steps had then been taken (so far as the Government could learn), by the Hudson's Bay Company to provide supplies, and aware that a few days delay at that season might render it impossible to get provisions to Red River, in time to afford relief, the Canadian government appropriated the sum of twenty thousand dollars (\$20,000), towards the construction of a road from Lake of the Woods to Fort Garry. The Minister of Public Works (one of the undersigned), was directed to expend the principal part of this sum in the purchase of provisions, which were to be forwarded with all possible despatch, to the Red River

Settlement, and offered to the settlers—not as alms, but in exchange for their labor on a public work, in their own vicinity, and of the highest utility to their settlement.

4. A confidential and experienced Agent proceeded at once to St. Paul's, Minnesota, and succeeded in forwarding a considerable supply of provisions before the close of navigation. A further quantity has reached Fort Abercrombie, an American post in Dakota Territory, from which point it can be sent to the Settlement early in the spring.

5. Information has reached the undersigned since their arrival in England, that the Government Agent had in accordance with his instructions, conferred with the local authorities on his arrival at Fort Garry; that he had received their approval and promise of assistance, that his timely aid was a cause of much joy and thankfulness in the Settlement, and that he had proceeded with a large force of laborers to the limits of the prairie country, some 30 miles from Fort Garry towards Lake of the Woods, and there commenced the construction of the road.

6. The immediate object of the Canadian Government in taking the steps complained of, was to supply food to a starving community, about to be imprisoned for six months in the heart of a great wilderness, without roads or means of communication with their fellow subjects—and to supply it in the way most acceptable to a high-spirited people—viz., in exchange for their labor. It was thought that even the Hudson's Bay Company might look with favor upon a public work which, when completed, will prove a valuable protection to those under their Government, against similar dangers in the future. On behalf of the Canadian Govern-

ment we deny that a "trespass" has been committed or that our action in this matter was intended to forestall or embarrass negotiations which the Imperial Parliament had directed to be undertaken for the transfer of the North Western Territory and Rupert's Land to the dominion of Canada.

The foregoing explanation may perhaps be deemed sufficient to enable Earl Granville to answer the complaint of the Hudson's Bay Company against the Canadian Government, but the undersigned beg leave to add one or two observations which, in their opinion, this extraordinary demand for "the intervention of Her Majesty's Government," both invites and justifies. If the Hudson's Bay Company, who claim the right to hold and govern the territory, in which the alleged trespass has taken place, had performed the first duty of a Government towards its people by providing them with easy means of communication with the outer world; or if they had shown themselves either able or willing to meet the threatened calamity by a prompt effort to forward sufficient supplies to the Settlement before the close of navigation, the Canadian Government would have rested happy in the belief that neither humanity nor public policy required or justified their interference.

The assertion of the Deputy-Governor of the Hudson's Bay Company that the country between Lake of the Woods and Red River is "the freehold territory of the Company," and that the so called "trespass" of the Canadian Government in sending provisions to the starving settlers and assisting them to make a road for their own convenience and safety hereafter, is "an actual encroachment on the soil of

the Company," might, if unnoticed by us, be claimed as another proof or admission of the rights of the Company in that part of the Continent. We, therefore, beg to remind His Lordship that the boundaries of Upper Canada on the *North* and *West* were declared, under the authority of the Constitutional Act of 1791 to include "all the territory to the westward and southward" of the "boundary line of Hudson's Bay" "to the *utmost extent* of the country "commonly called or known by the name of Canada." Whatever doubt may exist as to the "utmost extent" of old or French Canada, no impartial investigator of the evidence in the case can doubt that it extended to, and included the country between Lake of the Woods and Red River.

The Government of Canada, therefore, does not admit, but on the contrary denies, and has always denied the pretensions of the Hudson's Bay Company to any right of soil, beyond that of squatters, in the territory through which the road complained of is being constructed.

We have, &c.,

GEO. ET. CARTIER.
WM. McDOUGALL.

HUDSON'S BAY HOUSE,
London, January 13th, 1869.

Sir FREDERIC ROGERS, Bart.,
Colonial Office,
Sir,

I have the honor to acquaint you, for the information of Earl Granville, that I was elected by the shareholders of this Company, on Tuesday, the 5th instant, to the

office of Governor, vacant by the resignation of the Earl of Kimberley.

It now becomes my duty to address you in reply to Mr. Adderley's letter dated the 1st December, 1868, which was received by my predecessor on the eve of his resignation, and to which, in consequence of that event, the Committee have not been able to send an earlier answer.

Before making any observations upon the particular topics discussed in Mr. Adderley's letter, I am desired by the Committee to assure Lord Granville that they continue sincerely anxious to promote the object, with a view to which this Company was reconstructed five and a half years ago, viz., the gradual settlement of such portions of their territory as admit of colonisation; that they adhere to the opinion expressed in their resolution of the 28th August, 1863, viz., that the time has come when it is expedient that the authority executive and judicial, over the Red River Settlement and the South-Western portion of Rupert's Land should be vested in officers deriving such authority directly from the Crown; and that they cheerfully accept the decision of Her Majesty's Government, communicated to them in Mr. Adderley's letter of the 23rd April, 1868, viz., that the whole of the Company's territory should, under proper conditions, be united with the dominion of Canada and placed under the authority of the Canadian Parliament.

Acting in accordance with the wish of Her Majesty's Government as conveyed to them in Mr. Elliot's letter of the 23rd January, 1867, the Committee have declined to encourage overtures which have been made to them by

private persons for the purchase of portions of the Company's territory with a view to their colonisation, and have kept the whole question in abeyance during the time that the negotiations, which have led to the Confederation of the British Provinces constituting the Dominion of Canada, were proceeding. In the whole of that time they have taken no step which could give rise to fresh complications, or could place any new difficulty in the way of the admission of their Territory into the Confederation when the proper moment should arrive, and when they were informed by Mr. Adderley's letter of the 23rd of April, that the Parliament of Canada had addressed Her Majesty upon the subject, and were requested to state the terms which the Company would be prepared to accept, proceeding on the principle adopted in the interrupted negotiation of 1864, they unhesitatingly complied with the desire of the Government.

It is therefore with surprise, as well as with regret, that they have learnt from the letter now under reply that the terms proposed by them, even when most strictly in conformity with the principles adopted in 1864, are considered by Her Majesty's Government to be inadmissible, and not to afford much prospect of an arrangement being come to. They find, for instance, that the stipulation that the Company should receive one shilling per acre on lands hereafter sold, which was originally suggested to the Committee by His Grace the late Duke of Newcastle, in Mr. Fortescue's letter of March 11th. 1864, and which has never hitherto been called in question, is the first point to which exception is now taken. Objections are also raised against several other proposals which have been long before the Government while no notice at all is taken of some which have

been made for the first time with a view to the protection of the Company's trade, and with regard to which the Committee are left in ignorance whether they are considered admissible or not.

The Committee, although somewhat embarrassed by this apparent change in the spirit of the Correspondence, desire me, however, to make the following observations upon some of the remarks contained in Mr. Adderley's letter, in order that there may be no misapprehension as to the bearing of their proposals.

The Committee are aware that, as is stated in Mr. Adderley's letter, in order to prepare the country for settlement very considerable annual outlay will have to be incurred, and that for this charge the produce of the early sales of land is the natural resource; but they are at a loss to understand upon what ground it is alleged that their proposals "would deprive the future government of the ceded Territory of any prospect for a long time at least of receiving any income." The only part of the territory in which it is probable that any early or extensive settlement will take place is the part known as the fertile belt. It has been confidently asserted by independent persons who have travelled through the country that a great part of this land is not inferior in quality, or in advantages of climate, to the adjoining United States Territory, now forming the State of Minnesota, and it has been justly pointed out that, being prairie land, it does not require much labor to render it fit for cultivation. But the price of land in Minnesota ranges, as the Committee are informed, from five shillings to one pound per acre. The Committee think, therefore, that the

fixed payment of one shilling per acre, proposed by the Duke of Newcastle and accepted by them as a basis of compensation, cannot be deemed to be unreasonable, in so far as relates to land sold, within the limits set forth in Sir Edmund Head's letter of the 11th November, 1863.

As regards any portions of land lying outside those limits which may possibly be sold, the Committee think it very improbable that such sales will take place, except for mining purposes, in which case the payment of a shilling an acre could hardly be deemed excessive. In order to save trouble and to obviate disputes, therefore, the Committee proposed the fixed payment of one shilling per acre in respect of all sales wherever they may take place, and they believe that the arrangement would have been on the whole more favorable to Canada than that suggested by Mr. Adderley.

Mr. Adderley proceeds to remark, with reference to Lord Kimberley's proposal that the Company should retain certain reserves around their posts, that the reservations would amount to upwards of 500,000 acres. It was, however, stated by Lord Kimberley and the Deputy-Governor, at an interview with the Duke of Buckingham upon this subject, that the Committee were willing to confine their claim for reserves to the limits defined by Sir Edmund Head's letter of the 11th November, 1863, that they were prepared to agree that such reservations should be measured by the importance of the posts to which they were to be attached, and should in no case exceed 3,000 acres. The total quantity of land to be retained by the Company under this arrangement would not exceed 50,000 acres. The Committee cannot agree to the absolute exclusion of these lands from all frontage to "rivers or tracks, roads or portages."

which would render them entirely valueless, though they would have been ready to consider any reasonable limitation of these special advantages.

As regards the right of selecting lands for the Company in proportion to the quantities sold from time to time by the Government, the Committee desire to call Lord Granville's attention to the reasons given in Sir E. Head's letter of the 13th April, 1864, for adopting this mode of reservation in preference to that of "setting apart before-hand a " number of isolated tracts of wild land, dotted over the " surface of the colony, and calculated to impede the free " flow of settlement in the Territory."

Their proposal was framed with reference to sales in the fertile belt only, and it never entered into their minds to contemplate such contingencies as those suggested in Mr. Adderley's letter. In order, however, to obviate all cavil upon this point they would have been quite willing to limit the Company's right of selection to the case of lands sold or alienated within Sir E. Head's limits, provided that it were agreed that no alienations should take place beyond those limits, except either for distinctly public purposes, or for the *bonâ fide* carrying on of agricultural or mining operations. As regards Mr. Adderley's proposal that the right of selection should be confined to five lots of 200 acres each, in each township as it is set out, the Committee can only remark that the character of this proposal must depend upon the size of the township, of which no indication has been given.

The Committee still adhere to the opinion that, under the peculiar circumstances of the proposed transfer of their

Territory, it would be reasonable that their wild lands should, for a limited time, be exempt from taxation, in order to allow them a fair opportunity of bringing them into profitable cultivation.

They observe that Mr. Adderley makes no reference to the 10th stipulation, contained in Lord Kimberley's letter of the 13th May, viz.—that until the stipulated sum of £1,000,000 sterling has been paid to the Company, no export duties shall be levied by Canada upon Furs exported by the Company, nor any import duties on articles imported by them into the North-Western Territory, and into that part of Rupert's Land which is not included within the geographical limits laid down in Sir E. Head's letter, of November 11th, 1863. This is a point to which the Committee attached very great importance. If it had been proposed by the Canadian Government to make a direct purchase of the Company's Territory, and to pay the price for it at once, the Company would of course, have accepted their fair share of the burdens which annexation might be expected to involve. But if the purchase money is to be withheld until the Canadian Government have sold off 20,000,000 acres of the land, or have realised a considerable sum by the produce of mining operations, it is reasonable that the pressure of the fiscal burdens, which would fall almost exclusively upon the Company's trade, should be suspended also. Otherwise it might happen that, in consequence of the neglect or the inability of the Canadian Government to proceed with the settlement of the territory, the Company would be subjected to very heavy contributions to the Colonial Treasury, without receiving the smallest benefit in return. As an illustration of the extent to which they might thus be injured, were no

limitation placed upon the Colonial power of taxation, I may observe that, according to the present Canadian tariff, the duty upon the value of the Company's imports alone would amount to about £20,000 a year; while any export duty that might be laid upon their furs would operate still further to their disadvantage. The Committee feel confident that Lord Granville will acknowledge the reasonableness of their taking precautions against such a contingency.

The Committee have desired me to offer to Lord Granville these explanations of their proposals, in order to show that they have done their best to comply with the desire of Her Majesty's Government, that they should submit a scheme founded on the principles of the negotiations of 1864. They have not, however, failed to perceive, from an early period of the lengthened correspondence which has taken place between them and the Government, that those principles necessarily gave rise to many difficulties; and they have felt this the more strongly since the negotiations originally commenced between the Company and Her Majesty's Government have virtually become negotiations between the Company and the Government of Canada. They cannot disguise from themselves the danger which exists, that arrangements so complicated, and involving so many topics for future discussion, are likely to lead to the Company's being placed in a position of antagonism to the Government of Canada, and to the creation of a state of things, injurious not only to their own interests but to the welfare of the country itself.

They are sincerely anxious to co-operate with the Canadian Government in the settlement, development and improvement of the territories with which they have been so long

connected, and they believe that if the arrangements between them can be placed on a satisfactory footing, it will be in their power to render material assistance to the Colonial authorities in this respect. They believe that if a simpler arrangement than that which has recently been under discussion could be adopted, and if the Canadian Government were prepared to complete the purchase of the Territory at once, by the payment of a sum of money or by the delivery of bonds, it would conduce to a more satisfactory result than the prolongation of a controversy as to the minute points of such a scheme as has been under consideration.

Should Lord Granville be of this opinion, and should his Lordship think it desirable to recommend any proposal of the kind to the Canadian delegates, this Committee will gladly place themselves in fuller communication with him on the subject.

I have the honor to be,

Sir,

Your most obedient servant,

STAFFORD H. NORTHCOTE,

Governor.

HUDSON'S BAY HOUSE,

London, February 2nd., 1869.

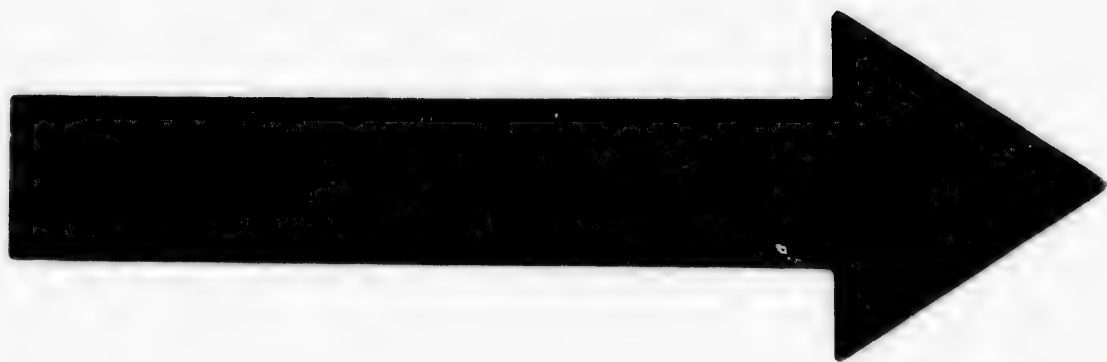
SIR FREDERIC ROGERS, Bart.

Sir,

I have the honor to acknowledge your letter of the 28th January, addressed to the Deputy-Governor of this

Company, enclosing a communication from Sir G. Cartier and Mr. McDougall, on the subject of the recent proceedings of the Canadian Government in the matter of the construction of a road through the Company's territory between Fort Garry and the Lake of the Woods.

After the distinct statement contained in Sir Curtis Lampson's letter of the 22nd December, that the Company, while protesting against a trespass on their land, were prepared favorably to entertain any application for permission to make such a road, either on the part of the Imperial or of the Canadian Government, the Committee think it unnecessary to discuss the greater portion of the letter of the Canadian Ministers. Their objection is not to the road's being made, but to its being undertaken by the Canadian Government as a matter of right, as though the territory through which it is to pass were Canadian. Such a step, taken at a moment when negotiations are in progress for the transfer of the Company's possessions to Canada, and taken by a Government which openly disputes their title to this portion of them, could not have been allowed to pass unchallenged without derogating from the Company's rights. The Canadian Government themselves seem to have been alive to this. Mr. McTavish states that the Agent of that Government (Mr. Snow) on arriving at the Red River, communicated to him his instructions from the Commissioner of Public Works in Canada, containing the expression of "a hope on the part of the Commissioner that the Company's Agent here would offer no opposition to Mr. Snow's operations, but would leave the matter entirely in the hands of the Imperial Government." Governor McTavish, upon this, very properly allowed Mr. Snow to com-



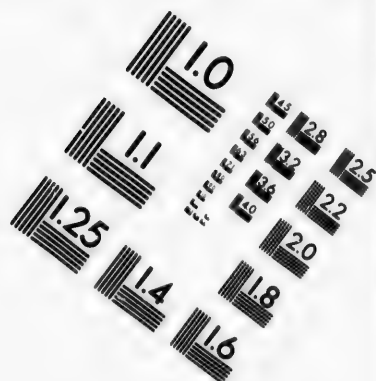
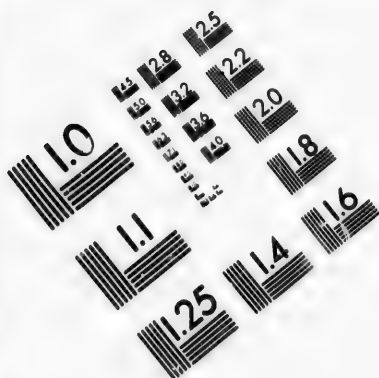
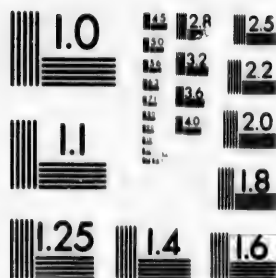


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nence his operations; and so far as this Company is concerned, no impediment has been, or will be, offered to the prosecution of the work.

If it were worth while to discuss that part of the letter of the Canadian Ministers which refers to the circumstances under which the construction of the road was ordered, the Committee would be able to show that the Company had in no way failed in their duty to the Colony; but that they had promptly taken measures for the relief of its inhabitants, and had supplied large sums, both by direct grants and by subscriptions raised under their auspices for that purpose, at a period anterior to the appropriation of the Canadian road grant. They would also be able to point out how the delay which has occurred in opening up communications and otherwise developing the resources of the Red River Settlement is due to the restraint which has been imposed upon them by Her Majesty's Government at the request of Canada, and not to any negligence or indifference of their own.

But the Committee desire to avoid the raising of a false issue, and they accordingly instruct me to re-state to Earl Granville the precise complaint which they have to make. It is this:—that, while negotiations are going on for the acquisition of their territory by Canada, the Canadian Government are endeavouring to exercise rights of ownership over a portion of that territory, to the exclusion of the Company, and to the prejudice of their title. This they are doing by virtue of an old claim which they have repeatedly advanced, which the Company have invariably disputed, and have declared themselves ready to contest before a court of law, and which Her Majesty's Government, acting under

the advice of various Law Officers of the Crown., have declined to endorse.

The Canadian Government have hitherto shewn no inclination to bring their claim to the test of a judicial decision, and in the absence of any such decision, the Committee consider it not unreasonable to ask that due respect should be paid to the Company's uninterrupted possession of the territory for two centuries, and to the numerous and weighty legal opinions which have from time to time been given in their favor.

In appealing to Earl Granville for support in this matter, instead of entering into a controversy with Canada, or taking legal steps to enforce the Company's rights, the Committee have been actuated by a desire to proceed as far as possible in accordance with the views and wishes of Her Majesty's Government, as they have endeavoured to do throughout the pending negotiations for the establishment of a settled form of Government at the Red River. They desire now respectfully, but confidently, to claim the support and protection of the Colonial Minister against any invasion of the Company's rights which may have been prompted or facilitated by the policy which they have adopted in order to meet the wishes of the Colonial Office.

I have, &c.,

STAFFORD H. NORTHCOTE.

DOWNING STREET,

22nd February, 1869.

The Right Honorable

Sir STAFFORD NORTHCOTE, M.P.

Sir,

I am directed by Earl Granville to enclose, for the

information of the Directors of the Hudson's Bay Company, the copy of a letter which his Lordship has received from Sir G. Cartier and Mr. McDougall. As the greater part of that letter relates to matters on which the Company and the Colony cannot be expected to agree, and on which Her Majesty's Government has no authority to decide their differences, Lord Granville has felt some doubt whether the settlement of the question would be advanced by forwarding this letter. He considers it, however, necessary to do so; and in doing so, to explain clearly the position which he considers himself to occupy.

It appears that his Lordship's predecessor entertained the hope that he would be able to arrange the terms of a compromise, under which, with consent of both parties, the sovereignty of the Hudson's Bay Company's Territory would be transferred to the Dominion of Canada.

With this view his Grace made to the Company a proposal, respecting which Sir G. Cartier and Mr. McDougall write as follows :—

“The proposals submitted to the Company by the late Government in the letter of Mr. Adderley of the 1st December last, were not made at our suggestion, although we were disposed to think (and so informed his Grace) that if the Company accepted them the Canadian Parliament might be persuaded to undertake the duties of legislation and government in the territories on the conditions specified.”

Your letter of the 13th inst. may be considered as a rejection of those proposals, and as thus terminating the negotia-

tions instituted by the Duke of Buckingham and Chandos. But in your letter you propose that the matter should be settled by the immediate payment of a fixed sum of money or by the delivery of Bonds, and you express yourself prepared to enter into further communication with Lord Granville on this subject.

It is of course obvious that this negotiation for the purchase of the Hudson's Bay Company's Territory is really between the seller and the buyer, the Company and the Colony, and Lord Granville is of opinion that if the negotiation is revived on this or any other basis, Her Majesty's Government can, at present, do no good by assuming to frame or suggest terms of accommodation; but can merely offer to act as a channel of communication between these two real parties to the transaction, using its best endeavours to remove any difficulties not inherent in the nature of the case.

Acting on this view Lord Granville communicated to Sir G. Cartier and Mr. McDougall a copy of your letter of the 13th. The enclosure to this letter is the answer which he has received.

The material sentences, for the present purpose, are those with which the letter concludes.

You will observe that the Representatives of the Colony state the principles on which they consider the cost of the territory should be calculated, indicating the opinion that the sum of £106,431 is the highest which could on any hypothesis properly be demanded by the Company; and express their strong conviction that no money offer, which either the Imperial or Canadian Government would deem

reasonable would be accepted by the Company. Assuming this to be the case, they ask on the part of the Dominion Government either the immediate transfer of the sovereignty of the whole Territory, subject to the rights of the Company, or a transfer of the sovereignty and property of all the territory not heretofore validly granted to, and now held by the Company under its Charter.

Under these circumstances, Earl Granville directs me to communicate to you the enclosed letter, which taken in connexion with previous correspondence, appears to him to leave little present hope of bringing matters to a settlement by way of compensation. If the Directors of the Company should still think any such arrangement possible, his Lordship will of course be prepared to transmit to the Canadian representatives any modified proposal on the part of the Company. Failing this, he thinks it proper to invite from the Directors, not any argument respecting the true nature and extent of the Company's claims from which, as not being before a court of law he could anticipate no result, but a statement of any objections they may have, whether of principle or detail to the two counter proposals now made by Sir G. Cartier and Mr. McDougall on behalf of the Canadian Dominion.

And it might not be immaterial to add what course the Company would propose to take, for securing that life and property are adequately protected, and international obligations duly performed in their Territory, so long as they remain responsible for its government..

I am, Sir,

Your most obedient Servant,

FREDERIC ROGERS.

(Confidential.)

WESTMINSTER PALACE HOTEL.

London, February 8th, 1869.

Sir,

We have the honor to acknowledge the receipt of your letter of the 18th ultimo, enclosing a copy of Sir Stafford Northcote's letter of the 13th ultimo, in reply to proposals made to the Hudson's Bay Company for the cession to the Crown of their territorial rights in British America, by His Grace the Duke of Buckingham and Chandos, in the letter of Mr. Adderley of the 1st December last.

You state that Earl Granville directed you to transmit this document to us for any observations which we may wish to offer upon it. His Lordship's courtesy and consideration in sending us a copy of Sir Stafford Northcote's letter and inviting us to express our views upon it are gratefully acknowledged, but upon reflection we thought it would be expedient to refrain from any formal expression of our opinion on new and indefinite propositions, until we had received some intimation of the view which his Lordship was likely himself to take of them, or of the policy in respect to the general question which Her Majesty's present advisers intend to adopt.

At an interview with which we were favoured by Earl Granville on the 26th ultimo, he expressed his preference for a less complicated mode of dealing with the Hudson's Bay question than that proposed by the Duke of Buckingham and Chandos, and requested us to communicate to him our observations on the reply of Sir Stafford Northcote, and especially on the proposition with which his letter con-

cludes, viz., that the Canadian Government should "complete the purchase of the territory at once, by the payment of a sum of money or by the delivery of bonds."

As we have had but few opportunities to confer with his Lordship since his accession to office, it may be proper, before considering Sir Stafford Northcote's letter, to state the position of the Canadian Government, as we apprehend it, in this negotiation.

The British North America Act of 1867, affirmed the policy of uniting under one government all the colonies, provinces, and territories of British North America. Three provinces were united at once, and provision was made by the 146th section, for the admission into the union, of the remaining colonies, on address to Her Majesty by their respective legislatures and the parliament of Canada.

The North-west territories and Rupert's Land, or either of them, are to be admitted on the address of the Parliament of Canada alone, and on such terms and conditions as the Canadian Parliament may in its address express, and Her Majesty approve.

In pursuance of the policy of the Imperial Parliament thus distinctly affirmed, the Canadian Parliament at its first session under the new constitution, adopted an address to Her Majesty for the incorporation of the North-west territory and Rupert's Land with the Dominion of Canada. The terms and conditions expressed in the address were,—

1st. That Canada should undertake the duties and obligations of Government and legislation in respect of those territories.

2nd. That the legal rights of any Corporation, Company, or individual within the territories should be respected, and that provision should be made for that purpose by placing those rights under the protection of courts of competent jurisdiction.

3rd. That the claims of the Indian tribes to compensation for lands required for purposes of settlement should be considered and settled, in conformity with the equitable principles which have uniformly governed the British Crown in its dealings with the aborigines.

The above were the only terms and considerations which, in the opinion of the Canadian Parliament, it was expedient to insert in the Order in Council, authorised by the 146th section.

His Grace, the Duke of Buckingham and Chandos, on receiving the address of the Canadian Parliament, consulted the law officers of the Crown, who advised, among other things, that "there would be much difficulty created by the existence of the charter" of the Hudson Bay Company, "to putting into execution the powers of the 140th (146th) section of the British American Act, 1867, assuming that the Hudson's Bay Company were adverse to the union."

A Bill was thereupon carried through the Imperial Parliament, apparently to remove the "difficulties" which the law officers had discovered. It reverses the order of procedure contemplated by the Act of 1867, and observed by the Canadian Parliament in its address, and makes the assent of the Company a condition precedent to the transfer.

The Canadian Government were not consulted as to the terms of this Act; they could not understand why it was necessary, and greatly doubted the expediency of passing it.

The Duke of Buckingham and Chandos, having opened negotiations with the Hudson's Bay Company under the authority of the Act last mentioned, invited a delegation from the Canadian Government to confer with him in this country. The undersigned, duly commissioned for that purpose, repaired to London in October last, and had frequent interviews with His Grace before his retirement from office.

The proposals submitted to the Company by the late Government in the letter of Mr. Adderley of the 1st December last, were not made at our suggestion, although we were disposed to think (and so informed His Grace) that if the Company accepted them, the Canadian Parliament might be persuaded to undertake the duties of legislation and government in the territories on the conditions specified.

The Company, through Sir Stafford Northcote, have declined to accept either the principle or the mode of settlement proposed by the late Government, but suggest a new and summary method of closing the negotiations, by demanding that the Canadian Government should, by a payment in cash or bonds, "complete the purchase of the Territory at once." No sum is mentioned, and no data given from which it can be inferred. Under these circumstances, we are asked, as representatives of the Canadian Government, to communicate to Earl Granville any observations we may wish to offer on this reply and proposition of the Company.

His Lordship will readily perceive from the foregoing recital, that, as representatives of the Canadian Government, we are in the position of spectators of a negotiation, begun and carried on upon principles and under conditions to which we are strangers, rather than that of assenting Principals, responsible for its initiation, and bound by its results.

Without undertaking, therefore, that our views on every point will be approved by the Canadian Government, we proceed most respectfully to offer a few observations on Sir Stafford Northcote's reply to the recent proposals of the Imperial Government.

It will be observed that two things are assumed in these proposals to the Company, which the Canadian Government has always disputed.

1st. That the charter of Charles II. is still valid, and grants the right of soil, or freehold, of Rupert's Land, to the Company.

2nd. That Rupert's Land includes the so-called "Fertile Belt," extending from the Lake of Woods to the Rocky Mountains.

The law officers of the Crown in England have, on two or three occasions, given their opinion in favor of the first assumption, but never, so far as we are aware, in favor of the second. The report of the law officers in 1857 admits that the geographical extent of the territory granted must be determined by excluding the country that "could have been rightfully claimed by the French as falling within the boundaries of Canada," (which the Charter itself excludes

by express words), and states that "the assertion of ownership on important public occasions, as at the treaties of "Ryswick and Utrecht," should be considered; and also "the effect of the Acts of 1774 and 1791." The most recent opinion of the law-officers of the Crown which we have seen (January 6th 1868), as to the rights of the Hudson's Bay Company, does not even by implication support their present claim to the fee-simple of nearly one-third of the American continent. On the contrary, Sir John John Karslake and his colleagues conclude their report with the emphatic statement that it is "very necessary, before "any union of Rupert's Land with Canada is effected, that "the true limits of the territory and possessions held under "the Charter should be accurately defined." An assumption therefore, which covers so much ground, and is unsupported by any competent legal authority; which ignores the repeated protests and claims of Canada, and seeks to supply a basis upon which a surrender for valuable consideration may be made, is, to say the least, a most favourable assumption for the Company. We notice these points in Mr. Adderley's letter before remarking on Sir Stafford Northcote's reply, to prevent the possible inference that we have acquiesced in them.

Sir Stafford Northcote assures Lord Granville that the Company "continues sincerely anxious to promote the object "with a view to which the Company was reconstructed five "and-a-half years ago, viz., the gradual settlement of such "portions of their territory as admit of colonization." It would be tedious to quote the numerous and positive averments by members and governors of the Hudson's Bay Company, in the course of official inquiries during the last

fifty years, that their territories (in which they included the Red River and the Saskatchewan Districts) are totally unfit for colonization. The evidence of Sir George Simpson before the House of Commons Committee of 1857, is a fair sample of the views heretofore entertained and avowed by the representatives of the Company. (*Vide* Commons Report, 1857; Questions 716, 717, 718, 719, &c.) Mr. Ellice, for many years the ruling spirit of the Company, declared before the same committee that the Red River settlement was an "unwise speculation," and "had failed;" that "the climate "is not favourable;" that the Saskatchewan is a country capable of settlement only when "the population of America "becomes so dense that they are forced into situations less "fit for settlement than those they occupy now;" that the winters are "rigorous," and the country badly off for "fuel," &c. (Questions 5,840 and 5,847).

With such views of the unfitness of the country for settlement, and avowing their belief that colonization and the fur-trade could not exist together, it is not surprising that the Company have always cherished the latter, which was profitable, and discouraged, and, as far as possible, prevented the former, which had proved an "unwise speculation." It is true that the Company was "re-constructed" in 1863, with loud promises of a new policy. A great road across the continent was to be made, a telegraph line was to be put up, and emigration and colonization developed on a large scale. The Duke of Newcastle, then Secretary of State for the Colonies, was so much impressed by the zeal and public spirit of the gentlemen who effected the re-construction, that he wrote despatches to the Canadian Government on their behalf, and evidently believed that a new era was about

to open in the north-west, and the wild animals and fur traders retreat before the march of "European" settlers. The stock of the old Company, worth in the market about £1,000,000 was bought up, and by some process which we are unable to describe, became £2,000,000. A show of anxiety to open postal and telegraphic communication was made, and "heads of proposals" were submitted to the Governments of Canada and British Columbia, which on examination were found to embrace a line of telegraph only, with the modest suggestion that the two governments should guarantee the company a profit of not less than 4 per cent. on their expenditure! A proposal so absurd could only have been made to be rejected, and it was rejected accordingly. The surplus capital of the reconstructed Company, which was called up for the avowed purpose of opening their territories to "European colonization, under a liberal and systematic scheme of land settlement," has never been applied to that purpose. Five and a half years have passed since the grand scheme was announced to the world, but no European emigrants have been sent out, no attempts to colonize have been made. Sir Stafford Northcote was not probably aware, when he vouched for the *bonâ fides* of the Hudson's Bay Company as promoters of colonization, that a solemn vote of the shareholders was taken in the month of November, 1866, which condemned and rejected the policy of colonization, absolutely and definitively.

While unable, for the reasons stated, to concur in Sir Stafford Northcote's assurance that the Hudson's Bay Company is anxious to promote colonization, we are gratified to learn that they "adhere" to the resolution of 28th August, 1863, that the time has come when it is expedient that "the

"authority executive and judicial over the Red River Settlement and the South-western portion of Rupert's Land, should be vested in officers deriving such authority directly from the Crown."

The first remark we have to make upon this reference to the resolution of 1863 is, that it admits the continued incapacity of the Company as a *governing* power; the second, that if this was true in 1863,—if at that time it had become expedient to substitute the authority of the Crown for that of the Company,—it is much more expedient, if not absolutely necessary, now; the third, that if the Company are to be relieved of the duty and cost of government which their Charter imposes, and which they admit they do not and cannot properly discharge, compensation should be made, not *to* the Company, as is claimed, but *by* the Company to those who take the burden off their shoulders.

We confess we have failed to discover any evidence, and therefore cannot believe, that the Company have "cheerfully" accepted the decision of Her Majesty's Government, "that the whole of the Company's territory, should, under proper conditions, be united with Canada." A brief notice of the *acts*, in contrast with the *professions* of the Company, will, we think, account for the ill success of our researches and justify our incredulity.

The representatives of the Company, while declaring before the House of Commons Committee in 1857 (as we have already shown) that their territories were "unfit for settlement," professed their readiness to surrender any portion of them that might be desired by the Imperial or Canadian Government for that purpose.

Mr. Ellice declared in the most unqualified terms, not only that the Company was willing to surrender, but that it was the duty of Government to see that no mere trading corporation obstructed "for one moment," nor to the extent of "one acre of land fit for settlement," the "dominion of the actual settlers." (Commons Report, 1857; questions 5,859, 5,860 and 5,933).

The Governor of the Company informed the Colonial Secretary (18th July, 1857) that an inquiry into the "geographical extent of the territory granted by their charter," which the law officers had recommended, was of little importance, because, if the object of the inquiry was "to obtain for Canada land fit for cultivation and the establishment of agricultural settlers, the Directors are already prepared to recommend to the shareholders of the Company to cede any lands which may be required for that purpose. The terms of such cession," he assured Mr. Labouchere, "would be a matter of no difficulty between Her Majesty's Government and the Company."

Mr. Ellice had previously told the House of Commons Committee, that the question of boundary was "of no importance at all," because "if the province of Canada requires any part of the territory, or the whole of it, for purposes of settlement, it ought not to be permitted for one moment to remain in the hands of the Hudson's Bay Company." He added that "less money than would be spent in a litigation upon the subject would be sufficient to indemnify the Hudson's Bay Company for any claim which they could have on giving up any disputed part of their territory."

These assurances induced the Committee to negative propositions for ascertaining by a judicial inquiry the validity of the charter, or the position of boundaries, and to report in favor of annexing to Canada "such portion of the land "in her neighbourhood as may be available to her for the "purposes of settlement, with which she is willing to open "and maintain communication, and for which she will provide the means of local administration." The Committee "trusted" that there would be "no difficulty in affecting "arrangements as between Her Majesty's Government and "the Hudson's Bay Company" for ceding the territory on "equitable principles."

It may be proper to remind Earl Granville, that leading members of the Committee of 1857, taking the offers of the Company on the subject of colonization to mean, what the language of their representatives imported, strongly opposed the recommendation to leave the question open for "amicable adjustment" upon "equitable principles," with the certainty of protracted negotiation and a chance of ultimate disagreement. Mr. Gladstone accordingly submitted a resolution for a prompt and definite settlement of the whole question. He proposed—

1st. "That the country capable of colonization should be withdrawn from the jurisdiction of the Hudson's Bay Company."

2nd. "That the country incapable of colonization should remain within their jurisdiction."

He proposed that in the country remaining within their jurisdiction power should be reserved to Her Majesty's

Government to make grants "for the purposes of mines and fisheries, but with due regard to the immunities and trade of the Company." No "immunities" were even suggested with respect to the country which was to be withdrawn for colonization. He proposed to ignore the Charter, by declaring that the jurisdiction of the Company "should rest henceforth upon the basis of statute." He quoted the Governor's letter above referred to, "as an expression of the willingness of the Company to accept in principle the arrangement" he proposed, and ended with the suggestion that, "as the Company had tendered concessions which may prove sufficient to meet the case," no decision seemed necessary as to the question of raising "a judicial issue with the view of ascertaining the legal rights of the Company." The propositions of Mr. Gladstone were only lost in the Committee by the casting vote of the chairman.

Twelve years have passed since these offers were made by the Company and accepted by a committee of Parliament. Every Colonial Secretary, from 1858 to the present moment, has attempted to carry out the recommendation of the Committee, with the assent of the Company, but without success. Two Acts of the Imperial Parliament have been passed, with provisions to facilitate the arrangement, but are yet without fruit. Sir Edward Lytton Bulwer characterised the offers of the Company during his administration as "illusory," and declared that they "by no means met the exigencies of the case." He expressed his regret at a determination on their part which "retains the very difficulty in the way of speedy and amicable settlement which he had sought to remove," and stated that if Canada declined to resort to "legal proceedings" (which he

had recommended) "it would be his duty to consider
 "whether negotiations with the Company can be resumed, or
 "whether in the last resort Her Majesty's Government must
 "take the matter into their own hands and proceed on their
 "own account." (Mr. Merivale's letter to H. H. Berens,
 9th March, 1859.) Sir Edward remained in office long
 enough to put an end to the Company's license of exclusive
 trade in British Columbia and the Indian Territories, but
 not long enough to carry out his policy of "connecting
 "two sides of British North America without the obstacle
 "interposed by a proprietary jurisdiction between them."

The Duke of Newcastle opened negotiations with the
 Company, in 1863-4 with much vigour. But after various
 proposals and counter-proposals, including the "reconstruc-
 "tion" of the Company, he was obliged to treat their propo-
 sitions as "inadmissible."

Mr. Cardwell, during his administration, could not accept
 their proposals "without considerable modifications."

The Duke of Buckingham, after many discussions with
 the representatives of the Company, regretted to perceive
 that their proposals "did not afford much prospect of an
 "arrangement being come to;" and in the communication to
 which the letter of Sir Stafford Northcote is a reply, de-
 clared himself "unable to recommend the adoption" of the
 terms demanded by the Company.

Our notice of what, in Sir Stafford Northcote's opinion,
 constitutes a "cheerful" acceptance of the decision of Her
 Majesty's Government, would be incomplete, if we did not
 remind Earl Granville that the Company's "proper condi-
 "tions" for the surrender of that portion of the North-
 Western Territories, for which they can show no title but

such as may be derived from the possession of a few trading posts, established there within the last fifty years, rose from a question of "no importance at all" in 1857, or at most to "less money than would be spent in a litigation on the subject," (House of Commons Report, Question 5834), to the retention, in 1863, in fee simple, of *half* the land proposed to be surrendered, with various other conditions, including a guarantee by the Governments of Canada and British Columbia, of an annual profit on their own expenditures for improvements on their own property! In 1864, these conditions took the form of a demand, first, to be paid £1,000,000 sterling from sales of lands and mines, with large reservations "to be selected by them," &c. ; and, secondly, to be paid £1,000,000 sterling in cash, with other terms and reservations favorable to the Company.

In 1868 these conditions for the surrender of territorial and governing rights over the *whole* territory remained at £1,000,000, as in the first proposition of 1864, with large reservations of land at "selected" points, specially exempted from taxation, and with full liberty to carry on their trade free from the export and import duties, to which all other subjects of Her Majesty in that country would be exposed.

In 1869 these various proposals, which no Secretary of State could possibly entertain, have all been apparently merged in one grand proposition to sell out "the territory at once for a sum of money," in cash or bonds, the amount of which is not stated.

We content ourselves under this head with the observation, that whatever others may be able to see in all these

transactions, we are utterly unable to discover either a cheerful acceptance of the decision of any government, or an honest disposition to fulfil the solemn pledges made in Parliament in 1857, on the faith of which the Company was unquestionably saved from judicial or legislative extinction.

Sir Stafford Northcote claims credit for the Company because they have "declined to encourage overtures which " have been made to them by private persons for the purchase of portions of the Company's territory with a view to " their colonisation." Our information is (and we can give Earl Granville names and dates, if the point is deemed of any importance) that the only "overtures" of the kind mentioned which the Company have received, were not merely "encouraged," but suggested and concocted by prominent members of the Company, for the purpose of producing an impression on the Government, and with a view, not to colonization, but to *negotiation* and the Stock Market.

We are not sure that we understand the statement of Sir Stafford Northcote that the Company " have taken no " step which would give rise to fresh complications or place " any new difficulty in the way of the admission of their " territory into the Confederation."

The sale of land to private parties for colonization (assuming that *bonâ fide* offers have been received from such parties) could not give rise to much complication, except in the affairs of the Company. If Sir Stafford hints at the negotiations which were lately reported to be going on with certain American speculators in London for denationalizing and Americanizing the Company with a view to

the "admission of their territory" into the United States, instead of the Confederation, we respectfully submit that while such a difficulty might indeed be "new," the proper person to solve it would be Her Majesty's Attorney-General, with the aid of a court and jury of competent jurisdiction.

We do not understand that Earl Granville expects us to defend in detail the Duke of Buckingham's proposals, or to answer all the objections made to them by Sir Stafford Northcote. The Government of Canada, as we have already reminded his Lordship, neither suggested the Act of Parliament, nor the terms of the negotiation, which the late Secretary of State for the Colonies attempted to carry out under its authority. The Canadian plan of dealing with the question of the North-Western Territory and Rupert's Land is set forth in the address of the Canadian Parliament to Her Most Gracious Majesty, and we do not feel at liberty, as representatives, to suggest any other mode, until we are informed by Her Majesty's Government that the one proposed is deemed impracticable.

Sir Stafford Northcote's suggestion that "the payment of a sum of money" for the purchase of the territory would conduce to a more satisfactory result, is, we believe, the point upon which Earl Granville specially desires to have our views. Assuming that by "territory" he means the *whole* territory to which the Company lay claim, and that they are to continue as a trading corporation, retaining their posts, and allotments of land in their neighbourhood, as he states was agreed upon between the Duke of Buckingham and Lord Kimberley, we have to observe:—

1. This proposition involves an abandonment of the *principle* which two Secretaries of State (and it must be presumed, two successive administrations), declared, after much consideration, and in view of the transactions of 1857, was properly and justly applicable to this case, viz.: That the compensation should be derived from the future revenue of the territory itself, and payable only as it came into the hands of Government. This *principle* was also accepted by the Company in their communication of 13th April, 1864.

2. On the other hand, the principle of ascertaining and fixing a money value upon the territorial rights of the Company "in the British territory east of the Rocky Mountains "and north of the American and Canadian lines," and of extinguishing those rights by a payment "at once," was suggested, in 1865, by a delegation from the Canadian Government of that day, and assented to by Mr. Cardwell, then Secretary of State for the Colonies, and his colleagues.

If the latter principle or mode of settlement is now to be adopted, it is obvious that the first question is, What is the nature of these "rights," and what territories do they affect? and the second, What are the rights, separated from the duties and burdens attached to them by the Charter, fairly worth?

We shall not attempt to answer these questions fully in the present communication, but we venture to submit for Earl Granville's consideration a few facts and inferences, which cannot, we believe, be disputed, and which are essential elements in any calculation which may be attempted on the basis of a money purchase.

1. The Charter of Charles II. (and for the present we raise no question as to its validity) could not and did not grant to the Hudson's Bay Company any territory in America which was not then (1670) subject to the Crown of England.

2. The Charter expressly excluded all lands, &c., then "possessed by the subjects of any other Christian Prince or state."

3. By the treaty of St. Germain-en-Laye (1632), the King of England resigned to the King of France the sovereignty of Acadia, New France, and Canada, generally, and without limits.

4. "La Nouvelle France" was then understood to include the whole region of Hudson's Bay, as the maps and histories of the time, English and French, abundantly prove.

5. At the Treaty of Ryswick (1697) 27 years after the date of the Charter, the right of the French to "places situated in Hudson's Bay" was distinctly admitted; and although Commissioners were appointed (but never came to an agreement) to "examine and determine the pretensions "which either of the said Kings hath to the places situate "in Hudson's Bay," and with "authority for settling the "limits and confines of the lands to be restored on either "side;" the places taken from the English, (*i.e.*, from the Hudson's Bay Company) by the French previous to the war, and "retaken by the English during this war, shall be left "to the French by virtue of the foregoing (the 7th) article." In other words, the forts and factories of the Hudson's Bay Company, established in Hudson's Bay under pretence of

their Charter and taken possession of by the French in time of peace, on the ground that they were an invasion of French territory, were restored, by the Treaty of Ryswick to the French, and not to the Company.

6. By the Treaty of Utrecht, 1714, "the Bay and Straits "of Hudson," together with all "lands, seas, sea-coasts, "rivers, and places situate *in the Bay and Straits*, and which "belong thereto," were finally ceded to Great Britain.

7. As no definite boundary was ever established between the possessions of the French in the interior and the English at Hudson's Bay, down to the Treaty of Paris, 1763, when the whole of Canada was ceded to Great Britain, the extent of the actual possession by the two nations for some period, say from the Treaty of Utrecht to the Treaty of Paris, affords the only rational and true basis for ascertaining that boundary.

8. The evidence is abundant and conclusive to prove that the French traded over, and possessed the whole of the country known as the Winnipeg Basin, and "Fertile Belt," from its discovery by Europeans down to the Treaty of Paris, and that the Hudson's Bay Company neither traded, nor established posts to the south or west of Lake Winnipeg, until many years after the cession of Canada to England.

9. No other or subsequent grant to the Company was ever made which could possibly extend their territorial rights under their Charter. The license to trade in the Indian territories, which they obtained in 1821, was revoked in 1858, and has not been renewed.

10. The country which, in view of these facts, must be excluded from the operation of the Charter, includes all the lands fit for cultivation and settlement in that part of British America.

It will be for Earl Granville to consider whether this Company is entitled to demand any payment whatever, for surrendering to the Crown that which already belongs to it. We confess our utter inability, upon any principle of law, or justice, or public policy, with which we are acquainted, to estimate the amount which ought to be paid under such circumstances. The only basis of computation we can discover, applicable to such a case, is the *cost* of the legal proceedings necessary, if any be necessary, to recover possession. A person has taken possession of a part of your domain under the pretence that it is included in a deed which you gave him for some adjoining property before you purchased the domain. You want to get rid of him, but will be compelled to bring an action. He is artful, stubborn, wealthy and influential. He will be able to worry you with a tedious litigation. How many acres will you allow him to "reserve," and how much will you pay to save yourself the cost and trouble of a law-suit? Compromises of this kind are not unknown in private life, and the motives and calculations which govern them may be applicable to the present case. We recommend this mode of computing the amount of the payment to be made for the surrender of the North-west territory, as distinguished from Rupert's Land, with all the more confidence, because it has already been suggested by one of the ablest and most trusted of the representatives of the Company. (*Vide* evidence of Right Honorable E. Ellice, House of Commons Report, 1857, question 5,834.)

With respect to Rupert's Land, or the "lands and territories," "upon the coasts and confines of the seas, bays," &c., "that lie within the entrance of the straits commonly called Hudson's Straits," "not possessed by the subjects of any other Christian prince or state," a different rule, we admit, may be held to apply. Giving to the words of grant the widest construction, territorially, that could possibly be admitted by any judicial body with the facts of the case in evidence before it, or giving to these words the construction which the Company themselves applied for a hundred years from the date of their Charter, the "rights" they propose to sell are of little commercial value. No revenue, we feel assured, will ever be derived from them. The fur trade is the only industry the country offers as a source of profit, and this, if we rightly understand Sir Stafford Northcote's suggestion, the Company wish to retain.

It has never been alleged, even by the most sanguine advocates of the new theory of the Company respecting land sales, that any revenue can be derived from that source within the limits which we have assigned to Rupert's Land. The cost of government there, inconsiderable though it may be, will always exceed any possible revenue. We are thus led to the same conclusion as in the case of the Territory claimed, but not owned, by the Company, viz., that what they propose to sell has no pecuniary or commercial value. They are there, however, by at least a show of right. Being there, they obstruct the progress of imperial and colonial policy, and put in jeopardy the sovereign rights of the Crown over one-third (and, as some think, even a larger portion) of the North American continent. "What is it worth to have this obstruction *quietly* removed?" This is,

perhaps, the true question ; but the answer, we submit, belongs rather to Her Majesty's Government—which has the power, in the event of resistance, to remove the evil by a summary process—than to those who are little more than spectators of the negotiation.

Earl Granville is aware that several attempts have been made since 1857 to arrive at a definite agreement on the subject of compensation. The suggestions and proposals on each side, together with the actual market value of the Company's stock at different periods, supply data which his Lordship may deem of importance ; and we therefore respectfully submit our views as to the conclusions which may be deduced from them.

The first attempt of the Imperial Government to estimate, and express in pounds sterling, the compensation which it would be reasonable to offer to the Company, was made by the Duke of Newcastle in 1864. The greatest sum which, after "very grave consideration," his Grace felt himself able to propose for the surrender of the country west of Lake Winnipeg was £250,000. But the payment was subject to the following conditions:—

1. £150,000 was to be derived from the sale of lands by Government within the territory. The payment was to be made at the rate of 1s. per acre sold, but to be entirely dependent on the government receipts.

2. Payments were to cease whenever they reached £150,000 ; and absolutely, at the end of fifty years.

3. The Company was to be paid one-fourth of the sum

received by Government for export duty on gold or for mining licences or leases for gold-mining in the territory, for fifty years, or until the aggregate amounted to £100,000.

4. The payment of any part of the £250,000 was contingent on the ability of the Company to place Her Majesty's Government in possession of an "indisputable title" to the territory ceded by them as against the claims of Canada.

The last condition was objected to by the Company on the ground that they could only give such title as they had, which they contended "must be taken for better for worse." The Duke of Newcastle renewed his offer, modifying the last condition into a stipulation that, in case it should be found advisable, the territory eastward of a line passing through Lake Winnipeg and Lake of the Woods, might be ceded or annexed to Canada, in which case nothing would be payable to the Company in respect of *that* territory.

The present value in cash of such an offer, subject to the conditions and contingencies specified, would be very difficult to ascertain. The revenue from export duty on gold and for licenses would probably be *nil*. The revenue from land sales, if the cost of surveys, management, and necessary roads were deducted, would be *nil* also. It is very doubtful whether, if these deductions be made, the revenue from land sales in the provinces of Canada from the cession in 1763 to the present time, would show a surplus.

Sir Stafford Northcote quotes the price of land in Minnesota, and thence infers the value of lands in the Red

River, and Saskatchewan districts, which lie from five to ten degrees further north and are still in the possession of the wild Indians of the plain. But we think it will be found that the lands in Minnesota, which sell for "one pound per acre," are either private lands in the neighbourhood of towns, or the property of railway companies, on or near which millions of dollars have been expended to make them saleable. They are certainly not *public* lands unimproved by public expenditure. Sir Stafford ought to have mentioned at the same time a fact which we believe is known to every emigrant who leaves the British Isles for America, that, in the Western States of the Union, and in the provinces of Canada, wild lands are now given to settlers as "free grants," and we may add that this policy is more likely to be extended than reversed. To talk of the *value* of public lands as a source of revenue, distant from one to two thousand miles from available markets, and without roads or navigable waters by which to approach them, is to contradict all experience, or to assume that the cost of surveys and management, and of canals, roads, and other improvements for their development and settlement, will be supplied by those who do not own them, for the benefit of those who do.

But in order to arrive at some result that can be expressed in figures, let us assume that the sum ascertained by the Duke of Newcastle to be a sufficient "compensation" would, under his proposition, have been paid within 50 years, and at an average rate per annum. We thus give the Company the benefit of all the doubts in the case, and reduce the question to a simple problem in arithmetic: What is the present value of an annuity of £5,000 for fifty years?

That value, we submit, is the highest amount in cash which can be claimed as an equivalent for the offer made to the Company in 1864, by his Grace the Duke of Newcastle.

The next offer of the Imperial Government which mentions a specific sum, is that made by his Grace the Duke of Buckingham and Chandos, on the 1st December last. It differs from the previous offer in several important particulars.

I. It embraces the *whole* of the territory claimed by the Company.

2. It proposes to allow the Company to retain their "posts" and certain allotments of land in their vicinity with a small reservation in each township as it is surveyed.

3. It proposes to allow the Company one quarter of the receipts from land (free grants being treated as sales at one shilling per acre) and one quarter of the sum received by Government as an export duty for gold and silver, or for licenses for mining for gold and silver.

4. It limits the amount to be received under these heads conjointly, at £1,000,000 sterling.

The other stipulations are unimportant for the purpose of ascertaining the cash equivalent of the proposition.

It is evident that the "unknown quantities" in this equation are as difficult to find as in the first. We know the *total* sum to be paid, and the *proportion* of the receipts

from lands and mines applicable for its payment; but we do not know the average annual sum likely to be realised from their sale. The minimum price is fixed at one shilling per acre, and it is doubtful if, under the proposed arrangement, the price would ever be found to exceed that sum. There is one term still to be ascertained—the average *number* of acres per annum likely to be sold and granted. A crude guess is all the case admits of. If we take Upper Canada, possessing many advantages for early and rapid settlement of which, unfortunately, the remote territories of the North-West are deprived, we find that from its erection into a separate province, down to 1868, about 22 millions of acres had been disposed of by sale and grant, or an average about 286,000 acres per annum.

Assuming that the same rate of sale, &c., is maintained in the North-West Territories (which all the old Hudson's Bay authorities, who know the country, would pronounce a bold assumption) we have reduced the question to a simple reference to the annuity tables as before, viz., What is the present value of an annuity of £3,575 per annum for 280 years?

We have omitted from the last term the one-fourth of the Government receipts from gold and silver, for two reasons. 1st, It has not been shown that there are any gold or silver mines in the Territory, that will pay for working. 2nd, All the attempts heretofore made to obtain a revenue from such sources, in Canada, have failed, and public opinion has forced the local governments to adopt the policy of what may be called "free mining," or cheap lands for the miners, and abolition of royalties and imposts, except to meet the

cost of preserving the peace, and of surveys and necessary supervision.

There is another proposition on the Government side which bears on the question of "compensation." It results from the agreement between the representatives of the Government of Canada, and Her Majesty's Government in 1865, and containing fewer elements of uncertainty, than propositions which involve questions of Government policy, emigration, land sales, &c., it can be reduced to a cash value with greater exactitude.

Mr. Cardwell describes the agreement, as follows:—"On the fourth point, the subject of the North-Western Territory, the Canadian ministers desired that that territory should be made over to Canada, and undertook to negotiate with the Hudson's Bay Company for the termination of their rights, on condition that the indemnity, if any, should be paid by a loan to be raised by Canada under the Imperial guarantee; with the sanction of the Cabinet, we assented to this proposal—undertaking, that if the negotiation should be successful, we, on the part of the Crown, being satisfied that the amount of the indemnity was reasonable and the security sufficient, would apply to the Imperial Parliament to sanction the agreement, and to guarantee the amount."

The Canadian delegates reported on the subject with a little more detail. "We accordingly proposed to the Imperial Ministers that the whole British territory east of the Rocky Mountains and North of the American or Canadian lines should be made over to Canada, subject to such rights as the Hudson's Bay Company might be able

" to establish, and that the compensation to that Company
 " (if any, were found to be due) should be met by a loan
 " guaranteed by Great Britain. The Imperial Govern-
 " ment consented to this, and a careful investigation of the
 " case satisfies us that the compensation to the Hudson's
 " Bay Company cannot, under any circumstances, be onerous.
 " It is but two years since the present Hudson's Bay Com-
 " pany purchased the entire property of the old Company ;
 " they paid £1,500,000 for the entire property and assets,
 " in which were included a large sum of cash on hand,
 " large landed properties in British Columbia and elsewhere,
 " not included in our arrangement, a very large claim
 " against the United States Government under the Oregon
 " treaty ; and ships, goods, pelts, and business premises in
 " England and Canada, valued at £1,023,569. The value of
 " the territorial rights of the Company, therefore, in the esti-
 " mation of the Company itself, will be easily arrived at."

The principle which this agreement between the two
 Governments recognises as applicable to the case, appears to
 be,—compensation in money, for the ascertained rights of
 the Company, after deducting the value of the property
 retained by them. The words "if any," and "if any were
 found to be due" import that, in the opinion of both
 parties, it was possible if not probable, that after making
 the deductions, no compensation would be "due."

The basis of the calculation which seems to have been
 made, or agreed upon, is very simple. The old Hudson's
 Bay Company had recently sold all the rights and property
 of the Company, of every description, for the sum of
 £1,500,000. An inventory, agreed to by both sellers and

purchasers, set down the assets exclusive of "Territorial rights," as follows:—

1. "The assets (exclusive of Nos. 2 and 3) of the Hudson's Bay Company, recently, and specially valued by competent valuers, at	£1,023,569
2. "The landed territory" (not valued)	
3. A cash balance of	£370,000
	<hr/> £1,393,569 <hr/>

On the face of their own statement, £1,500,000, *less* the above sum, or £106,431, was the amount which the new purchasers actually paid for the "Landed Territory." Under the agreement of 1865, this seems to be the highest sum which Mr. Cardwell and the representatives of the Canadian Government, thought could, in any event, be demanded by the Company, as indemnity or compensation for the surrender of the rights they "would be able to establish."

We have thus attempted to convert into their equivalents in cash, the two offers made to the Company since 1857 by the Imperial Government, and to ascertain the amount of the indemnity contemplated by Mr. Cardwell, and the Canadian delegates in the arrangements of 1865. To arrive at any result, we have had to assume figures which, according to our experience, the facts of a new country will be more likely to reduce, than to increase. We have also omitted conditions either implied or expressed in the proposals of 1864 and 1868, which we believe would have imposed considerable expense upon the Company.

There is another mode of estimating the amount to be paid, on the principle of compensating for actual loss only, which remains to be considered.

The stock of the Company has for some time been quoted at an average of 13½. The capital is, nominally, £2,000,000 and the shares £20,—the value of the stock, therefore, in cash, assuming that the whole of it could be sold at the market rate, is £1,350,000, or £43,569 *less* than the value, according to their own estimate, in 1863, of the Company's assets, *exclusive* of the "landed territory." The money obtained from the public for shares, beyond the £1,500,000 paid to the old shareholders, will no doubt be amply sufficient to make good any deficiency in the valuation of 1863.

From a consideration of these data we submit, that, if the validity of the Charter is not now to be questioned; if the territorial extent of the country affected by it is not to be defined; if the claim of Canada to include, within her boundaries, a large portion, if not the whole, of the country occupied by the French at the time of the cession in 1763, is not to be investigated, and finally determined,—if the admitted incapacity and the notorious neglect of the Company to perform the duties of government (which were part of the consideration for the *rights* conceded by the Charter) are not to be taken as sufficient on public grounds to justify cancellation, and re-entry by the Crown,—then the very highest indemnity which ought to be paid, in cash, for a surrender of the territorial claims of the Company, with the reservations and other privileges offered by His Grace the Duke of Buckingham and Chandos, is the sum indicated by the foregoing computations.

We must, in conclusion, express to Earl Granville, our strong conviction, that no *money* offer, which either the Imperial or the Canadian Government would deem reason-

able, will be accepted by the Company, and that, to delay the organisation of constitutional Government in the North-West Territory until the Hudson's Bay Company consent to reasonable terms of surrender, is to hinder the success of Confederation in British America, and to imperil the interests and authority of the British Crown in the territories now occupied by the Company.

We therefore respectfully submit for Earl Granville's consideration, whether it is not expedient that the Address of the Canadian Parliament be at once acted upon, under the authority of the Imperial Act of 1867.

But, if his Lordship should see any sufficient legal or other objection to that course, then we ask, on behalf of the Dominion Government, for the immediate transfer to that Government, of the "North-West Territory," or all that part of British North America, from Canada on the East, to British Columbia, Alaska, and the Arctic Ocean, on the West and North, not heretofore validly granted to, and now held by "The Governor and Company of Adventurers of England trading into Hudson's Bay," by virtue of a Charter of King Charles II., issued about the year 1670.

We have the honor to be,

Sir,

Your obedient Servants,

GEO. ET. CARTIER.

WM. MACDOUGALL.

Sir FREDERIC ROGERS, Bart., &c.

Colonial Office.

HUDSON'S BAY HOUSE,
London, February 26th, 1869.

Sir FREDERIC ROGERS, Bart.,
Colonial Office.

Sir,

I have the honor to acknowledge your letter of the 22nd inst., transmitting, by Earl Granville's direction, a copy of a letter addressed to his Lordship by Sir George Cartier and Mr. McDougall, on the subject of my letter to yourself, dated the 13th ultimo.

The Committee of the Hudson's Bay Company understand from your letter, that it is not Earl Granville's wish that they should enter into a discussion of the communication from the Canadian Delegates, and they therefore refrain from making any comments upon its tone, or criticising and correcting its assertions. If there are any of those assertions to which Earl Granville himself attaches weight, the Committee will gladly, on their being pointed out to them, offer such observations upon them as may appear to be necessary.

As regards the manner in which the Canadian delegates treat the suggestions contained in my letter of the 13th ultimo,—that the Canadian Government should complete the purchase of the Company's Territory at once, by the payment of a sum of money or by the delivery of bonds—the Committee desire me to observe that they might have had some difficulty in gathering, from the terms in which the delegates express themselves, whether they were or were not prepared to entertain that suggestion, and to open a negotia-

tion with this Company. But as Earl Granville, who has had personal communication with the delegates, is of opinion that their letter, taken in connection with previous correspondence, leaves little present hope of bringing matters to a settlement by way of compensation, the Committee are forced to adopt the conclusion that it is intended as a virtual refusal on the part of the delegates to entertain the question in a serious spirit.

Should Earl Granville at any time come to the conclusion that it is desirable, that the Committee should renew the offer of fully communicating with him on the subject of a money sale which they made in my letter of January 13th, they will hold themselves prepared to do so. For the present, and in accordance with what they gather to be his Lordship's views, they consider this matter at an end.

It becomes my duty then, to answer Earl Granville's questions, (1) Whether the Committee have any objections, either of principle or of detail, to make to the the "counter-proposals" of Sir G. Cartier and Mr. McDougall, and (2) What course the Company would propose to take for securing that life and property are adequately protected, and international obligations duly performed in their Territory, so long as they remain responsible for its Government.

With regard to the first of the two counter-proposals, viz., that the sovereignty of the whole of the Territory in question should be immediately transferred to the

Dominion Government "subject to the rights of the "Company," the Committee desire to ask whether it is intended that the rights of the Company should be ascertained and defined before the transfer takes place, or after it. If the former be Earl Granville's intention the Committee have no kind of objection to offer to the proposal; but if it be meant that the transfer should take place first, and that the rights of the Company should then be made the subject of litigation in Canada, with a right of appeal to the Courts of this country, I must remark that such a course is likely to lead to much inconvenience, expense, and annoyance to all parties concerned, as well as to prove detrimental to the interests of the Settlement itself by the prolongation of an irritating and disturbing controversy. As regards the injustice to this Company involved in such a proposal, I beg leave to refer Earl Granville to Sir E. Head's letter of the 25th January, 1868, to the Duke of Buckingham and Chandos, in which a similar proposal is very ably discussed, and to which, and to the extracts from speeches delivered in the Canadian Parliament which it incloses, the Committee desire to invite Earl Granville's particular attention.

The second counter proposal is, for a transfer to the Dominion Government of both the Sovereignty and the property of "all the Territory not heretofore validly "granted to, and now properly held by the Company "under its Charter." Upon this proposal also the Committee desire respectfully to ask whether the limits of the Territory so to be transferred are to be

distinctly set out in the instrument of transfer, so that there may be no room for disputes as to the limits of the respective jurisdictions. Even with the utmost care in this respect the Committee cannot but feel apprehensive that difficulties will arise in dealings with the Indians and with the various classes of hunters and traders frequenting those distant regions, if two different systems of administration are introduced into those portions of the extreme North-Western Territory which would be affected by the proposed transfer; especially as the great distance of that Territory from Canada and the difficulty of the communications, will render its administration by the Dominion Government very troublesome. Should, however, Her Majesty's Government decide on this measure, the Committee will do all in their power to arrive at a good understanding with the Dominion Government as to the details of the arrangements which should be made in the two portions of the now united territory, and to facilitate the establishment of a strong administrative system in both.

As regards any transfer of the Sovereignty without a distinct definition of the limits to be assigned to it, and by virtue merely of vague general words, the Committee feel that they need not point to Earl Granville that such a step would not only be open to the objections which I have already mentioned in the case of the former counter proposal, but to the further, and very serious one, that it must lead to constant conflicts of authority and to frequent political embarrassments. The Company can hardly be expected to provide for

the security of life and property, and the due performance of international obligations if their boundary is left unsettled, and their title to important parts of their Territory unrecognised. It is probably unnecessary for me to pursue this argument at any length.

I have now to advert to the last question put by Earl Granville,—that relating to the course which the Company would propose to take for the government of their Territory, so long as they remain responsible for it.

The Committee desire me in the first place, to remind his Lordship that they have no authority to give a pledge on the part of the Shareholders of the Company, and that they can only undertake to submit certain proposals to them, and to use their own influence to secure their adoption. Subject to this reservation, the Committee are prepared to enter at once into free communication with Earl Granville, as to the measures which should be adopted for the purpose to which he adverts. As his Lordship is aware, a resolution was agreed to by this Committee, as long ago as in August, 1863, to the effect that in the opinion of the Directors it was expedient that the authority, executive and judicial, over the Red River Settlement and the southwestern portion of Rupert's Land, should be vested in officers deriving such authority directly from the Crown, and exercising it in the name of Her Majesty. In adopting this resolution, the Committee intended to indicate their desire for the establishment of a Crown Colony in this portion of their Territory. They still believe that this would be the most satisfactory plan

that could be pursued, and they are prepared to discuss it with Her Majesty's Government, if they are encouraged to do so.

I am to state that the Committee would be willing either to advise the surrender of such proportion of the Company's proprietary rights as might be found to be a fair equivalent for the charge which the establishment of a Crown Colony would throw upon the Imperial Exchequer, or to recommend the Company, retaining its proprietary rights, to take upon itself the whole of the pecuniary burden. The Committee are satisfied that a Territory, which in the present undeveloped state of its communications supports a trade of the annual value of more than £400,000, and which possesses a large amount of highly fertile soil requiring no great expenditure for its clearance and cultivation, is perfectly capable of supporting the expense of any government that it may be required to maintain; and they have little doubt that if the state of the case were fairly laid before the Shareholders, and if the moral support of the Imperial Government were distinctly assured to them, the necessary funds would readily be forthcoming.

Of course, if Her Majesty's Government should be of opinion that the great objects in view could be equally well attained by the exercise of the powers actually possessed by, or which might be granted to, the Company, and should consider that it would be preferable to adopt this method of government rather than to erect the Territory into a Crown Colony, the Committee would at once fall in with such a sugges-

tion, and would request Earl Granville to state to them what establishment would, in the opinion of Her Majesty's Government, be sufficient to meet the necessities of the case.

It can hardly be necessary for me to add that, in the event of such an arrangement being made, the Company would rely upon the cordial co-operation of the Government in submitting any needful measure to Parliament, and in protecting the Settlement from any trespass or interference on the part of Canada.

In conclusion I am to observe that it is on many accounts important that the Directors of this Company should soon communicate to the Shareholders the progress of this negotiation, and should lay the correspondence before them. They trust that Earl Granville will have no objection to their doing so.

I have, &c.,

STAFFORD H. NORTHCOTE,

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